

Regulatory Compliance monitoring report

Quarter 4 2015-16

Ernst & Young LLP

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014.

The company is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims.

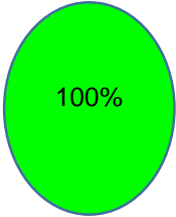
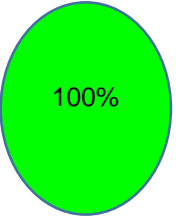
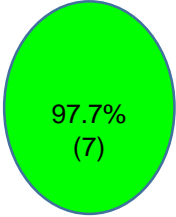
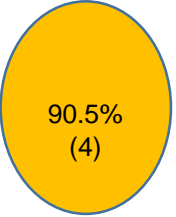
Before 1 April 2015, these responsibilities were discharged by the Audit Commission.

Contents

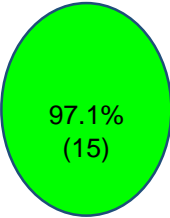
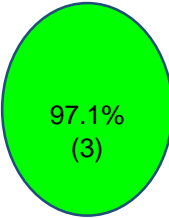
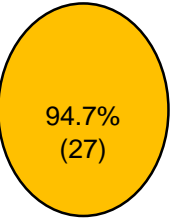
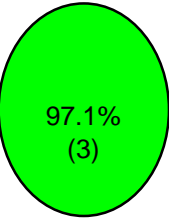
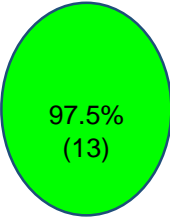
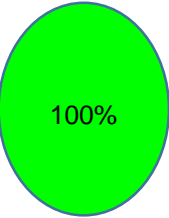
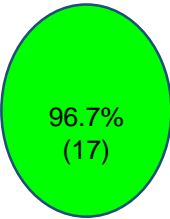
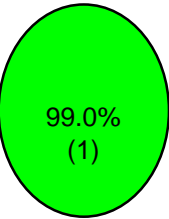
Monitoring of regime requirements.....	4
Other issues identified in the quarter.....	9
Fee variations	9
Non-audit services	9

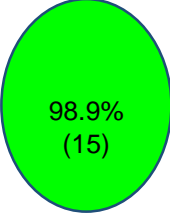
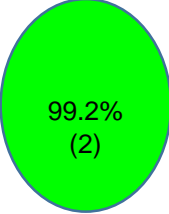
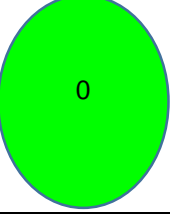
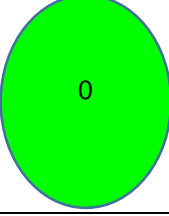
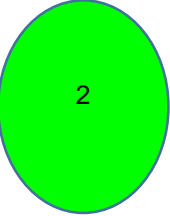
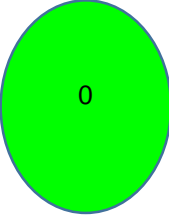
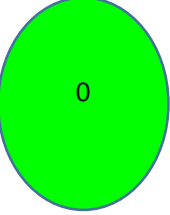
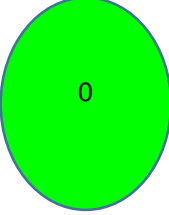
Monitoring of regime requirements

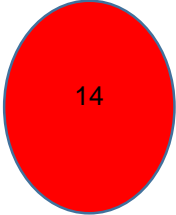
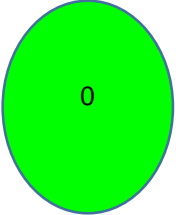
1 This report summarises the performance of Ernst & Young LLP (EY) against key quarterly performance indicators. The all firm comparison is also provided. Exception items are listed by Engagement Lead in Appendix 1 and also by Audited Body in Appendix 2.

Activity	Target	All firms % (no.) missed	EY % (no.) missed	Red, Amber, Green (RAG) status	Firm comments
Issue of planning letters.	100% by 30 April 2015.	 100%	 100%	G>95.01% delivered or 1 missed. A 90.01 – 95.00% delivered or 2 missed. R<90.00% delivered or 3 missed.	
Issue of NHS audit opinions.	100% by 29 May 2015 (CCG) and 5 June 2015 (NHS Trusts).	 97.7% (7)	 90.5% (4)	G>95.01% delivered or 1 missed. A 90.01 – 95.00% delivered or 2 missed. R<90.00% delivered or 3 missed	Two of the opinions were delayed because of the need to obtain sufficient assurance over material differences between the audited body and other bodies in relation to specific balances that were material to our opinion. Two of the opinions were delayed because the audited bodies were unable to accurately process adjustments to the financial statements by the deadline, although we acknowledge in one instance we provided an audit adjustment late in the process.

Issue of NHS VFM conclusions.	100% by 29 May 2015 (CCG) and 5 June 2015 (NHS Trusts).			<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	As per opinion comments above
Issue of NHS annual audit letters.	100% by 31 July 2015.			<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	
Confirmation of final NHS fee to audited bodies.	100% by 31 July 2015.			<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	
Issue of local government audit opinions.	100% by 30 September 2015.			<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	One opinion was delayed by late issues arising which required an exceptional audit committee to be convened that was only possible after the deadline. Two opinions were delayed by the lack of audited body staff availability and delays in responding to queries with multiple attempts to produce a final set of accounts.

Issue of local government VFM conclusions.	100% by 30 September 2015.	 <p>97.1% (15)</p>	 <p>97.1% (3)</p>	<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	As per opinion comments above.
Issue of WGA reports.	100% by 2 October 2015.	 <p>94.7% (27)</p>	 <p>97.1% (3)</p>	<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	
Issue of local government annual audit letters.	100% by 30 October 2015.	 <p>97.5% (13)</p>	 <p>100%</p>	<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	
Confirmation of final local government fee to audited bodies.	100% by 30 October 2015.	 <p>96.7% (17)</p>	 <p>99.0% (1)</p>	<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	

Audited body database information	Accurate database information provided to PSAA.			<p>G>95.01% delivered or 1 missed.</p> <p>A 90.01 – 95.00% delivered or 2 missed.</p> <p>R<90.00% delivered or 3 missed</p>	
Complaints upheld against auditors.	No complaints upheld against auditors.			<p>G = 0 upheld</p> <p>A= 1</p> <p>R = 2 or more.</p>	
Non-compliance with requirements on independence issues.	No instances of non-compliance.			<p>Firm:</p> <p>G= up to 1, A= 2, R= 3 or more</p> <p>Regime:</p> <p>G= up to 7, A= 8, R= 9 or more</p>	
Attendance at Contact Partner Group meetings.	Attendance of Contact Partner (or nominated representative) at all meetings.			<p>Firm:</p> <p>G= up to 1, A= 2, R= 3 or more missed meetings.</p> <p>Regime:</p> <p>G= up to 7, A= 8, R= 9 or more missed meetings.</p>	

Consideration of Objections	All objections decided upon within nine months.			<p>Firm:</p> <p>G= up to 1 over nine months</p> <p>A= 2, R= 3 or more</p> <p>Regime:</p> <p>G= up to 7 over nine months</p> <p>A= 8, R= 9 or more</p>	
-----------------------------	---	---	--	---	--

Other issues identified in the quarter

Fee variations

2 During quarter four, PSAA received requests for variations to 2014/15 scale fees, totalling £86,316 as detailed in Table 1.

Table 1: 2014/15 Fee variation requests

Total net value of fee variation requests made (£)	% of variation against scale fee requested	Total net value of fee variation requests approved (£)	% of variation against scale fee approved
86,316	0.67	86,316	0.67

Non-audit services

3 One request was made to PSAA for approval of non-audit services above the de minimis threshold, set out in the Terms of appointment, during quarter four.

Table 2: Non-audit service requests

Body	Nature of work	Comments
1	Shared services review	Approved