

# Regulatory Compliance monitoring report

**Quarter 4 2016-17**

**KPMG 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 a number of statutory functions (from the Audit Commission Act 1998) to PSAA on a transitional basis by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014.**

**As a consequence of these delegations, for 2017/18 the company will continue to be responsible under transitional arrangements for appointing auditors to local government and police bodies, for setting audit fees and for making arrangements for certification of housing benefit subsidy claims.**

**Looking beyond 2017/18, the Secretary of State has specified PSAA as an appointing person for principal local government bodies from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.**

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## Monitoring of regime requirements

1 This report summarises the performance of the firm against key quarterly performance indicators. The all firm comparison is also provided.

Activity	Target	All Suppliers % (no.)	KPMG % (no.)	Firm Comments
Issue of planning (fee) letters.	100% by 29 April 2016.  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	100% (0)	100% (0)	
Issue of NHS audit opinions.	100% by 27 May 2016 (CCG) and 2 June 2016 (NHS Trusts).  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	100% (0)	100% (0)	
Issue of NHS VFM conclusions.	100% by 27 May 2016 (CCG) and 2 June 2016 (NHS Trusts).  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	100% (0)	100% (0)	
Issue of local government audit opinions.	100% by 30 September 2016.  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	97% (16)	99% (2)	These were delayed due to circumstances beyond the firm's control.
Issue of local government audit VFM conclusions.	100% by 30 September 2016.  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	97% (17)	99% (2)	These were delayed due to circumstances beyond the firm's control.
Issue of WGA reports.	100% by 21 October 2016.  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	97% (16)	98% (3)	These were delayed due to circumstances beyond the firm's control. KPMG advised PSAA about the delay in advance of the deadline.
Confirmation of final NHS fee to audited bodies	100% by 31 July 2016  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	100% (0)	100% (0)	
Issue of NHS annual audit letters.	100% by 31 July 2016  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	99% (2)	100% (0)	
Confirmation of final local government fee to audited bodies	100% by 30 October 2016  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	100% (0)	100% (0)	
Issue of local government annual audit letters.	100% by 30 October 2016  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	97% (18)	99% (2)	

Source: PSAA

Activity	Target	All Suppliers % (no.)	KPMG % (no.)	Firm Comments
Audited body database information.	Accurate database information provided to PSAA.  Green>95.01% delivered or only 1 missed Amber 90.01% to 95% delivered or only 2 missed Red<90% delivered of 3 or more missed	99% (11)	99% (3)	
Complaints upheld against auditors.	Complaints upheld against auditors.  Green 0 Upheld Amber 1 upheld Red 2 or more upheld	1	0	
Non-compliance with requirements on independence issues.	Instances of non-compliance.  Firms: Green 1 case Amber 2 cases Red 3 or more cases  Regime: Green Up to 5 cases Amber 6 or 7 cases Red 8 or more cases	1	0	
Attendance at Contact Partner Meetings	Attendance of Contact Partner at all meetings. Firms: Green 1 case Amber 2 cases Red 3 or more cases  Regime: Green Up to 5 cases Amber 6 or 7 cases Red 8 or more cases	0	0	
Consideration of objections	Outstanding objections not determined within 9 months. Firms: Green 1 case Amber 2 cases Red 3 or more cases  Regime: Green Up to 5 cases Amber 6 or 7 cases Red 8 or more cases	5	2	These are complex objections which we continue to progress objections as efficiently as possible.

## Other issues identified in the quarter

### Fee variations

3 During quarter three, PSAA received requests for variations to 2014/15 and 2015/16 scale fees, totalling £28,989 and £66,531 respectively as detailed in Table1.

**Table 1: 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
2014-15	28,989	0.15	8,304	0.04
2015-16	£66,351	0.40	44,494	0.27

4 Fee variations totalling £20,685 (2014/15) and £4,433 (2015/16) were rejected.

### Non-audit services

5 Two requests were made to PSAA for approval of non-audit services above the de minimis threshold, set out in the Terms of Appointment, were approved during quarter four.

**Table 2: Non-audit service requests**

Body	Nature of work	Comments
1	Quality Accounts	Approved
2	Quality Accounts	Approved