

Regulatory Compliance monitoring report

Quarter 3 2015-16

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 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.

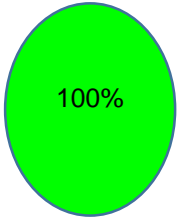
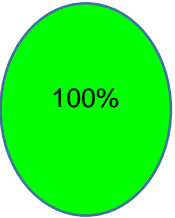
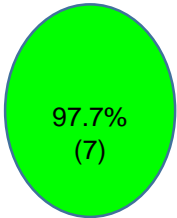
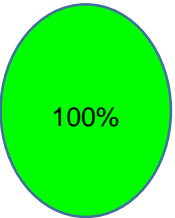
Before 1 April 2015, these responsibilities were discharged by the Audit Commission.

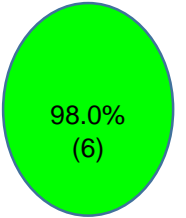
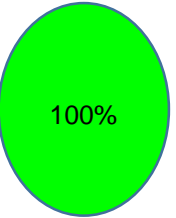
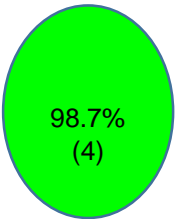
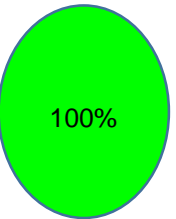
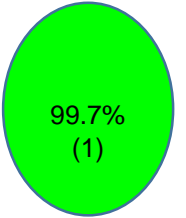
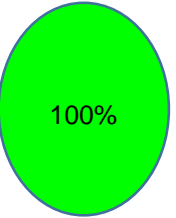
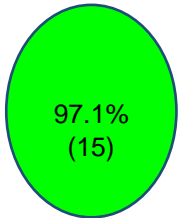
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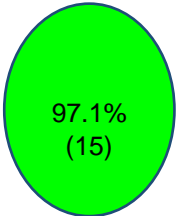
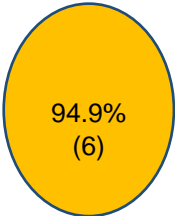
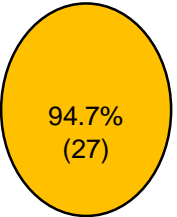
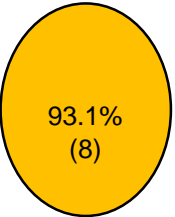
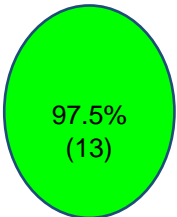
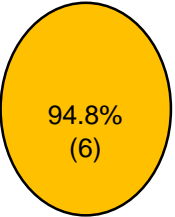
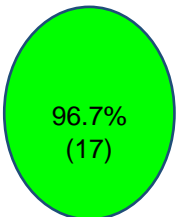
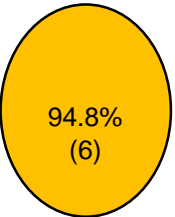
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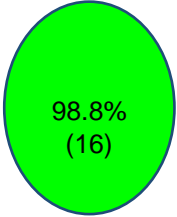
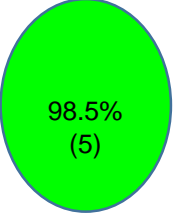
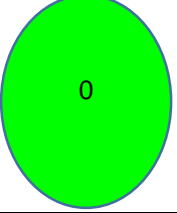
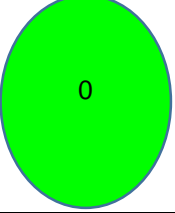
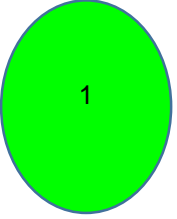
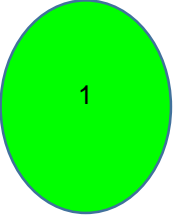
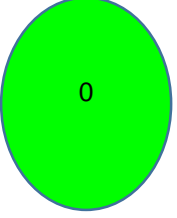
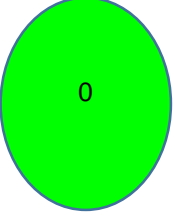
Monitoring of regime requirements

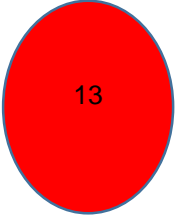
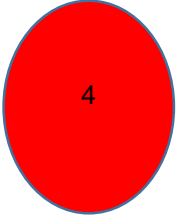
1 This report summarises the performance of KPMG LLP (KPMG) against key quarterly performance indicators. The all firm comparison is also provided.

Activity	Target	All firms % (no.) missed	KPMG % (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)	 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 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>	
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>	In all six cases the delays were due to issues beyond the firm's control.

Issue of local government VFM conclusions.	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>	As per opinion comments above.
Issue of WGA reports.	100% by 2 October 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>	The delays were owing to issues beyond the firm's control.
Issue of local government annual audit letters.	100% by 30 October 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>	The delays were owing to issues beyond the firm's control.
Confirmation of final local government fee to audited bodies.	100% by 30 October 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>	The delays were owing to issues beyond the firm's control.

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>	

<p>Consideration of Objections</p>	<p>All objections decided upon within nine months.</p>			<p>Firm: G= up to 1 over nine months A= 2, R= 3 or more</p> <p>Regime: G= up to 7 over nine months A= 8, R= 9 or more</p>	<p>These are all very complex objections and we continue to progress them as efficiently as possible.</p>
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Other issues identified in the quarter

Fee variations

2 During quarter three, PSAA received requests for variations to 2013/14 and 2014/15 scale fees, totalling £58,239 and £278,998 respectively as detailed in Tables 1 and 2.

Table 1: 2013/14 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
58,239	0.29	50,454	0.25

Table 2: 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
278,998	1.44	112,562	0.58

3 Further information has been requested from the firm by PSAA to support fee variations totalling £7,785 and £160,936 for 2013/14 and 2014/15 respectively. Variations to 2014/15 scale fees totalling £5,500 were rejected by PSAA as the work proposed would, in PSAA's view, be covered by the Scale Fee.

Non-audit services

4 Ten requests were made to PSAA for approval of non-audit services above the de minimis threshold, set out in the Terms of appointment, during quarter three. One request was rejected as the work proposed would, in PSAA's view, have caused an independence threat to the auditor.

Table 3: Non-audit service requests

Body	Nature of work	Comments
1	Partnership working	Approved
2	Partnership working	Approved
3	Forensic review	Rejected
4	Research project	Approved
5	Funding study	Approved
6	Tax work	Approved
7	Tax work	Approved
8	Tax work	Approved
9	Tax work	Under consideration. Awaiting information from the firm.

10	Tax work	Approved
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Audit reports

5 The Terms of Appointment require auditors to notify PSAA, both at draft and final stage, of any non-standard or delayed audit reports. During quarter three, one delayed audit report was not reported to PSAA until after the reporting deadline.