

Supporting a smooth transition

PSAA Corporate Plan 2015 - 2018

January 2016

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 certifying housing benefit subsidy claims.

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

Contents

Background.....	4
Introduction	4
Corporate plan summary	4
Who we are	4
The audit contracts.....	5
Our corporate objects.....	5
Delivering our objects.....	7
Auditor appointments.....	7
Setting fees	7
Certification arrangements.....	8
Being financially responsible	8
Managing public money.....	10
Managing audit quality.....	11
Managing the audit contracts.....	11
Managing our people.....	11
Supporting a smooth transition to the new audit regime	12
Our transition programme	13
The transition options for audited bodies	13
Our work programme to support the transition.....	15
Working with key stakeholders	17
Appendix 1- Audited body types.....	20

Background

Introduction

- 1** PSAA is a private company, incorporated in August 2014, under the Companies Act 2006, without share capital and limited by guarantee. It is a wholly owned subsidiary of the Improvement and Development Agency (IDeA), which in turn is a subsidiary of the Local Government Association (LGA).
- 2** A Memorandum of Understanding (the Memorandum) exists between the Department for Communities and Local Government (DCLG), Department of Health (DH), the LGA, IDeA and PSAA setting out the broad framework within which PSAA will operate. It reflects PSAA's Articles of Association and other founding documents and contains the agreed principles regarding PSAA's operation and the mechanisms for its accountability for, and safeguarding of, public money in the form of fees charged to audited bodies.
- 3** The Secretary of State for Communities and Local Government (the Secretary of State) has delegated specific statutory functions from the Audit Commission Act 1998 to PSAA. This is by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 (the transitional provisions).

Corporate plan summary

- 4** Our role, in support of these statutory functions, is to oversee the contracts for audit services (the audit contracts) with audit firms from 1 April 2015 until the contracts end, enabling us to secure good quality audits at a cost which represents good value for money. We also have an equally important role in supporting a smooth transition from the current arrangements to the new external audit framework set out in the Local Audit and Accountability Act 2014 (the Act). We will do this using our knowledge and experience to assist those with responsibilities under the new framework.
- 5** This three-year plan applies to the end of 2018, when we expect the new audit framework to be fully operational, and sets out how we intend to meet our responsibilities in that period.

Who we are

- 6** The Chairman of PSAA's Board, Steve Freer, was appointed by the IDeA. The three other non-executive directors (Board members), Caroline Gardner, Clive Grace and Stephen Sellers were appointed by the Chairman with the approval of the IDeA. PSAA's management team is Jon Hayes, the Chief Officer, Sandy Parbhoo, the Chief Finance Officer, Rachel Johnson, Kerry Reid and Akhlaq Shah.
- 7** The primary duty of the Board is to discharge the statutory objects and powers set out in PSAA's Articles of Association (the Articles), in accordance with the Companies Act 2006 and the Company's founding documents. The management team is responsible for the delivery of PSAA's functions.

The audit contracts

8 The audit contracts were novated from the Audit Commission to PSAA on 1 April 2015. The contracts were due to expire following conclusion of the audits of 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to DCLG amendment of the transitional provisions to extend the period in which the statutory functions are delegated to PSAA.

9 In October 2015, the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year for audits of principal local government¹ bodies only.

10 The new framework for small bodies (those under the £6.5m threshold) and NHS bodies will therefore commence with the 2017/18 audits, while for principal local government bodies it will commence with the 2018/19 audits.

Our corporate objects

11 The objects for which PSAA was established, as set out in the Articles, are to:

- make the appointment of auditors to all relevant authorities (a statutory function under the transitional provisions) (**Auditor appointments**);
- set scales of fees and charge fees for the audit of accounts of relevant authorities, consulting with relevant parties in relation to those scales of fees (a statutory function under the transitional provisions) (**Setting fees**);
- make arrangements for the certification of claims or returns in respect of housing benefit subsidy from audited bodies (a statutory function under the transitional provisions) (**Certification arrangements**);
- be financially responsible having regard to the efficiency of operating costs and transparently safeguarding fees charged to audited bodies (**Being financially responsible**);
- take steps to ensure that public money continues to be properly accounted for and protected during the transition to the new local appointment regime to be established under the Local Audit and Accountability Act 2014 (**Managing public money**);
- oversee the delivery of consistent high quality and effective audit services to relevant authorities (**Managing audit quality**);
- ensure effective management of contracts with audit firms for the delivery of audit services to relevant authorities (**Managing the audit contracts**);

¹ See Appendix 1 for a list of audited body types.

- lead our people as a good employer, ensuring that we continue to be fit-for-purpose; motivating and supporting our staff; and communicating with them in an open, honest and timely way (**Managing our people**); and
- support a smooth transition to the new audit regime to be established under the Local Audit and Accountability Act 2014 (**Supporting a smooth transition to the new audit regime**).

Delivering our objects

Auditor appointments

12 The bodies to which PSAA appoints auditors are listed in schedule 2 of the Local Audit and Accountability Act 2014. As at 1 April 2015, this required PSAA to appoint auditors to audit the accounts of:

- 353 local authorities;
- 299 NHS bodies;
- 76 police bodies (police and crime commissioners, including the Mayor's Office for Policing and Crime, and chief constables, including the Commissioner of Police of the Metropolis);
- 31 fire and rescue authorities; and
- 35 other bodies, including the Greater London Authority and associated bodies, combined authorities, national parks authorities and transport bodies.

13 For audits of principal bodies from 2015/16 onwards, we have contracts with five audit firms: BDO LLP, EY LLP, Grant Thornton UK LLP, KPMG LLP, and Mazars LLP.

14 We also make appointments to nearly 10,000 small bodies (such as parish and town councils, parish meetings and internal drainage boards). The firms we use for this work are BDO LLP, Grant Thornton UK LLP, Mazars LLP, and PKF Littlejohn LLP.

15 We will manage the current audit contracts for as long as the statutory powers are delegated to us. Auditor appointments for principal bodies have been made for all the types of bodies listed above, although there is a continuing need to make a small number of appointments in response to changes at individual audited bodies.

16 DCLG has stated that most auditor appointments to small bodies will be made by a specified appointing person for accounting periods starting from April 2017, unless bodies opt to appoint their own auditor.

Setting fees

17 At the request of DCLG, the Audit Commission consulted on and set the scale fees for 2015/16. The first work programmes and scales of fees to be published by PSAA will therefore be for the 2016/17 audit year, for principal bodies only. The small body fees for 2016/17 were set by the Audit Commission in 2012.

18 Before prescribing any scale of fees, we have a statutory duty to consult with associations of local authorities and organisations connected with the NHS and the accountancy profession. We provide other stakeholders and audited bodies with copies of our proposals to ensure that our consultation is as productive as possible.

19 Our first consultation for the 2016/17 scales of fees, commenced in October 2015. Subject to consideration of any comments arising from the consultation, we will publish the work programmes on our website in March 2016 with the scale fee for each audited body.

20 Scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes. All other things being equal, we intend to keep scale fees for 2016/17 at the same level as the 2015/16 fees. We will, however, need to take into account any developments in accounting requirements, such as the expected introduction of revised arrangements for transport infrastructure assets for many local authorities.

Certification arrangements

21 PSAA makes arrangements for certification by its appointed auditors of annual housing benefit subsidy claims from local authorities to the Department for Work and Pensions (DWP). This requires us to charge fees for certification that cover the full cost of the work needed.

22 As with audit fees, the indicative fees for certification work are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes. We review and reset certification fees annually.

Being financially responsible

23 We strive to ensure that PSAA is financially responsible by:

- exercising financial discipline and maintaining a robust control environment;
- keeping our running costs, including any closedown costs, to a minimum;
- returning the maximum possible level of any surplus to audited bodies;
- ensuring our internal auditors review our internal control environment annually to provide assurance on the financial controls and confirm these are working as expected;
- meeting our statutory obligations; and
- meeting our duties as a good employer.

24 PSAA is committed to securing value for money to ensure we deliver our statutory objectives while minimising costs. We achieve this by constantly reviewing and assessing the necessity of all expenditure and our level of resources. We have already achieved savings by taking the decision not to recruit to vacancies included in our budgeted establishment. This has been delivered with no loss or diminution in our financial and other controls.

25 Our latest forecast for the end of 2015/16 shows a cumulative surplus of £9.0 million, made up of £5.5 million transferred from DCLG (see para. 27 below), and a projected £3.87 million operating surplus in financial year 2015/16, offset by £0.37 million set up costs incurred in financial year 2014/15. Income and firm remuneration are as follows:

- £76.9 million income from audit fees;
- £5.5 million transferred from DCLG; and
- £70.8 million remuneration paid to firms.

26 A significant portion of the 2015/16 forecast running costs is for staff as illustrated in Chart 1.

Chart 1: Forecast running costs



*Note that £0.31M for other costs includes legal support, internal and external audit fees and all governance costs.

27 Following completion of the Audit Commission’s 2014/15 accounts, we received the final payment of Audit Commission retained earnings from DCLG, amounting to £5.5m.

28 Our medium term financial plan shows the position on PSAA’s expected surplus, without including the impact of expected additional fees for auditors’ work on transport infrastructure assets, and before any redistribution of surplus, as detailed in Table 1.

Table 1: PSAA's expected operational surplus / deficit

Year ending	Surplus / deficit (£m)	Cumulative closing reserves (£m)
31 March 2015	-£0.37	5.13*
31 March 2016	3.87	9.0
31 March 2017	1.8	10.8
31 March 2018	0.9	11.7
31 March 2019	-1.0**	10.7
30 June 2019	-1.0***	9.7

*Transfer from Audit Commission of £5.5m less £0.37 set up costs **Surplus is reduced due to reduced income *** additional closedown and contingency costs

Managing public money

29 PSAA's cash flow projection, prior to any redistribution of surplus, shows a strong cash position. Table 2 summarises the position.

Table 2: PSAA cash flow projection

	2015/16	2016/17	2017/18	2018/19	Apr - Jun 2019
Expected Cash Balance at the end of the financial year (£m)	10	11	12	10	10

30 We are required to redistribute the available surplus to audited bodies, holding a balance for closure costs. The level and timing of any fee redistribution is subject to Board approval.

31 PSAA has adopted the LGA treasury management policy. The policy is risk averse and notes that 'security over funds is of paramount importance'. PSAA actively monitors the performance against the policy and the liquidity of its investment. No PSAA investments are utilised by the LGA or any other companies whose investments are managed by the LGA. Robust reporting and monitoring ensures that investments are liquid in advance of any significant calls for cash intended for redistribution.

Managing audit quality

32 PSAA is committed to ensuring that the quality of the audit work provided by our audit suppliers is of the appropriate standard. To promote transparency and encourage best practice, we draft and publish a number of reports on the assessments we make of each audit supplier.

33 Our work takes into account work undertaken by each firm on reviewing the quality of its audit work, along with the results of reviews that we commission the Financial Reporting Council (FRC) to undertake for us. We will continue to produce and publish these reports until the audit contracts expire.

Managing the audit contracts

34 PSAA's regulatory requirements of each audit firm are set out in our [Terms of Appointment](#). We monitor compliance against specific reporting indicators and publish, on a quarterly basis, a monitoring report for each firm during each audit year. We will continue to publish these reports until the audit contracts expire.

35 As part of our work programme, we will continue to publish reports on the results of auditors' work. This will include the audit years 2015/16 and 2016/17 for NHS and local government bodies, with a final report on local government bodies following completion of the 2017/18 audits.

Managing our people

36 Our staff are our key resource. We have 11 staff in post as at November 2015. PSAA recognises it needs to retain staff wherever possible, as they provide specific knowledge and expertise to support our functions and will be difficult to replace. The ability to react promptly to issues is essential to our success and requires high performing, motivated, staff committed to our organisational values and objects.

37 We recognise that in some ways our staff are in a unique position given the significant changes they have helped to manage since the announcement of the decision to abolish the Audit Commission. We will continue to be fit-for-purpose by motivating and supporting staff; communicating with them in an open, honest and timely way; and giving them the best future prospects we can through training and additional responsibilities as appropriate.

38 We will continue to review our workload against our staffing to ensure that we have the appropriate level of resources in place. It is possible some staff will be redundant as the audit contracts wind down, with the smaller authority and NHS audit work finishing a year before principal body local government work.

39 We will draft and consult with staff on plans for management of change arrangements at the end of 2016.

Supporting a smooth transition to the new audit regime

40 PSAA has a key part to play in the transition to the new regime. We have good relationships with stakeholders including DCLG, the DH, the FRC, the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Scotland (ICAS), the National Audit Office (NAO), the Chartered Institute of Public Finance and Accountancy (CIPFA), the Healthcare Financial Management Association (HFMA), the Local Government Association (LGA) and the National Association of Local Councils (NALC) as well as representative and other organisations operating within the sectors we cover.

41 Table 3 summarises the timetable for transition to local auditor appointment and the key stakeholders involved in each sector.

Table 3: Transition timetable

Sector	Last audit year of PSAA contracts	First audit year of local auditor appointment	Local auditor appointment must be made by	Key sector stakeholders	Other sector stakeholders
NHS	2016/17	2017/18	31 Dec 2016	DH, TDA, NHS England and professional stakeholders*	HFMA, NHS Confederation
Small bodies	2016/17	2017/18	31 Dec 2016	DCLG, NALC, Society of Local Council Clerks (SLCC), Association of Drainage Authorities (ADA), DEFRA, Joint Practitioners Advisory Group (JPAG) and professional stakeholders*	
Local government	2017/18 (including one-year extension)	2018/19	31 Dec 2017	DCLG, DWP, Home Office, LGA, Audit Scotland (re HB Count), WAO (re HB Count) and professional stakeholders*	DEFRA, Treasurers' Societies

*Professional stakeholders covering all sectors, including NAO, ICAEW, CIPFA, ICAS, FRC, audit firms.

42 Our knowledge of the current regime places us in a unique position to help the key players above prepare to play their respective roles in the new audit regime effectively.

Our transition programme

The transition options for audited bodies

43 PSAA was created to act as a transitional body to deliver the statutory functions delegated to it by the Secretary of State and to manage the existing audit contracts until they expire.

44 Once the transition arrangements end and the new arrangements set out in the Act are in place, there are three options available to an audited body for appointing an auditor. These are for it to:

1. undertake an individual auditor procurement and appointment exercise;
2. undertake a joint audit procurement and appointing exercise with other audited bodies, those in the same locality for example; or
3. join a 'sector led body' (SLB) arrangement where specified appointing person status has been achieved.

45 Table 4 sets out some of the key advantages and risks associated with each option.

Table 4 – Key advantages and risks

Option	Advantages	Risks
Individual procurement (principal bodies)	Locally-appointed auditor will reflect local requirements. Body has control over the process and outcome. Body has influence over the level of the audit fee.	Auditor Panel needs to be established by audited body. Time consuming and relatively costly procurement exercise. No economies of scale. Where an OJEU procurement exercise is required this needs a lead in time of around six months. Smaller principal bodies, or those in a geographically remote location, may find auditor procurement choices are more limited than for other larger principal bodies.

Individual procurement (smaller bodies)	Locally appointed auditor will reflect local requirements. Body has control over the process and outcome.	Auditor Panel needs to be established by audited body. Time-consuming and relatively costly procurement exercise. No economies of scale. Audit fee unlikely to be in line with current fees.
Joint procurement (principal bodies)	Locally-appointed auditor more likely to reflect local requirements. Procurement costs are shared. Body has some control over the process and outcome and an opportunity to influence the level of audit fees.	Auditor panel needs to be established by audited body or jointly with another body in the joint arrangement. Where an OJEU procurement exercise is required this needs a lead in time of around six months. Additional time for planning / collaboration with other audited bodies required.
Joint procurement (smaller bodies bodies)	Locally-appointed auditor more likely to reflect local requirements. Body has some control over the process and outcome and an opportunity to influence the level of audit fees.	Auditor panel needs to be established by audited body or jointly with another body in the joint arrangement. Time-consuming and relatively costly procurement exercise.
SLB approach (principal bodies)	Some degree of independent auditor appointment, subject to scheme details. No need to establish an auditor panel. Large-scale procurement leading to potentially lower audit fees through economies of scale.	Canvassing of interest and 'sign up' of bodies needs to commence before the SLB is created and a procurement can start. 'Opt in' decisions may be deferred until audit fees are known.

	No need to undertake an individual auditor procurement exercise.	<p>Approach may not achieve a critical mass to allow for efficient operation.</p> <p>Where an OJEU procurement exercise is required this needs a lead in time of around six months and may make the timetable very tight as the SLB still needs to be established.</p>
SLB approach (smaller bodies)	<p>Some degree of independent auditor appointment.</p> <p>No need to establish an auditor panel.</p> <p>Large-scale procurement leading to lower audit fees. 'Opt out' approach likely to ensure a critical mass of bodies.</p> <p>No need to undertake an individual auditor procurement exercise.</p>	<p>Need for experienced staff to lead approach.</p> <p>Where an OJEU procurement exercise is required this needs a lead in time of around six months and makes the timetable tight as the SLB has been specified by DCLG but is still in the process of being established.</p>

Our work programme to support the transition

46 We will support the transition through a dedicated 'transition area' on our website going live in 2016. This will include

- a 'procurement pack' for interested parties including the lessons learnt from Audit Commission procurements;
- information on the PSAA audit contracts, including a template contract;
- information on how PSAA has managed independence issues;
- links to reference material such as the Act and relevant regulations; and
- links to CIPFA and HFMA guidance on auditor panels.

47 At its December 2015 meeting, the IDeA Board confirmed that it wishes to support local authorities with their new responsibilities to appoint auditors under the Local Audit and Accountability Act 2014 by securing the establishment of a sector led body for this purpose. Local government bodies need to appoint auditors for the 2018/19 financial year by 31 December 2017. Arrangements therefore need to be in place in 2016 to prepare for contract letting.

48 The IDeA Board has asked PSAA to consider seeking to become the sector led body. It believes PSAA is well placed to take on such a role after the current transitional arrangements have concluded. PSAA's Board shares this view and has responded positively to the IDeA Board invitation. We will work with the IDeA Board, the LGA and other stakeholders to undertake further analysis and testing to explore the feasibility and viability of PSAA taking on the sector led body role in the future.

49 The Articles require PSAA to redistribute any surplus to audited bodies. However, the Articles also prevent PSAA from undertaking activities that would result in the company's expenditure for a financial year exceeding its income. Reducing fees as a method of redistributing the surplus would therefore contravene the Articles as currently drafted.

50 Our current plans are to implement a phased redistribution of surplus fees to all audited bodies as follows:

- NHS bodies: the amount of redistribution, based on current information, is likely to be in the order of 10 per cent of 2016/17 scale audit fees, with expected payment in 2017 (total redistribution: circa £1.5 million which is calculated after allowing for closedown and redundancy costs);
- local government bodies: the amount of redistribution, based on current information, is likely to be in the order of 15 per cent of 2017/18 scale audit fees, with expected payment in 2018 (total redistribution: circa £7.5 million) and in 2019 of any remaining surplus once the final expected costs of ending the audit contracts are established.

51 The DWP has confirmed that it requires PSAA to make arrangements for auditor certification of housing benefit subsidy claims from local authorities for 2016/17. We will undertake the necessary development work in 2016, and auditors will complete their certification work by the end of November 2017.

52 The DWP has also indicated that it may have a continuing requirement for assurance, possibly for certain authority groups, as the implementation of Universal Credit progresses. Subject to the one-year extension of the period for which statutory functions are delegated to PSAA, it may be possible, despite a tight timetable, for us to make certification arrangements for 2017/18 as well, with development during 2017 and completion of auditors' work in November 2018. However, it may be more helpful instead for PSAA to support DWP in introducing any assurance arrangements that will apply following the end of the audit contracts.

53 We will continue to work closely with DWP, providing support and technical knowledge as they develop their future arrangements. Given the development lead time needed for HB COUNT, DWP will need to confirm their requirements from PSAA during 2016.

54 The Value for Money (VFM) profiles developed by the Audit Commission were transferred to PSAA with the audit contracts, because the profiles have previously supported the guidance for auditors' work on the VFM conclusion.

55 The National Audit Office (NAO) auditor guidance for 2015/16 makes no reference to the profiles, removing the previous requirement for auditors to use the analysis. Given reduced

PSAA staff capacity in this area and the change in auditor guidance, there is now an opportunity to secure the future of the profiles by finding a new provider for them. The objective would be to future-proof the analysis and make it available for the benefit of local authorities and the taxpayer. PSAA, with its audit remit, is not in a position to maximise the wider potential value for public services from the profiles and no longer has the capacity to modify the profiles as services change.

56 We will therefore use our resources to maintain the profiles in their current form while we develop transfer arrangements. We will work towards transferring the profiles to a new provider by the end of 2017 at the latest.

Working with key stakeholders

57 The transition to the new audit regime at the end of our contracts will be complex. For it to work, it will require the sharing of knowledge, skills and experience by PSAA as well as the commitment and forethought of a number of key stakeholders. Table 5 sets out how PSAA will work with key stakeholders to support making the transition as smooth as possible.

Table 5: Working with key stakeholders

Stakeholder	Stakeholder action	PSAA support
Government Departments – DCLG, Department of Health, Home Office.	<p>Legislative changes and issuing Departmental guidance.</p> <p>Leading on policy issues for smaller authorities through the Smaller Authorities Working Group (SAWG).</p> <p>Working with NALC, SLCC and ADA to support the establishment of the sector-led body for smaller authorities which will need to be operational by early 2016.</p>	<p>Continue to share knowledge and advice on the current regime, as requested, to inform the ongoing development of the new audit regime. Continued attendance at Departmental Delivery Boards.</p> <p>We will continue to attend meetings of the SAWG and provide information and input to the various discussions.</p> <p>We have an ongoing relationship with the DCLG lead for smaller authority policy issues and will continue to liaise with him and provide input to the work to support the set-up of the sector-led body.</p> <p>We will continue to attend the NALC sector led body steering board.</p>

Trust Development Authority / NHS England.	Issue guidance to NHS trusts and CCGs.	Share information on the outcomes of NHS audits under the current regime. Share knowledge to support development of new auditor appointment arrangements.
DWP	Develop arrangements for ongoing assurance needs for the housing benefit subsidy claim.	Continue to share knowledge and expertise to assist the DWP with developing its own arrangements in the new audit regime.
LGA / IDeA	Establishment of any SLB for principal local government bodies.	Explore the feasibility and viability of PSAA becoming an SLB. Share knowledge and advice on appointing auditors and setting fees in the current regime and consider how these functions can best be undertaken in an SLB regime
DEFRA, NALC, SLCC, ADA	Contribute to the set-up of the new SLB for smaller bodies and communicate with their members to keep them informed of progress.	Continue to share knowledge and advice on appointing auditors and setting fees in the current regime, as requested, to assist the development of the SLB.
SLB(s)	Once established any SLB(s) will need to get up to speed quickly to be in a position to run a procurement for auditors. This will involve significant planning, communication with authorities, OJEU procurement, and an appointments process all to be completed by 31 December prior to the first year of local appointment.	We have already met with the project manager appointed by NALC to set up the new SLB for smaller bodies and provided various information to assist with the planning process. We will explore the feasibility and viability of PSAA itself becoming an SLB for principal local government bodies.

NAO	Issue Code of Audit Practice and guidance to auditors.	Continue our regular liaison on technical and regime issues.
JPAG	Take on administrative and secretarial functions of the group to assist with the development and promulgation of proper practices in preparing accounts for small bodies.	Continued provision of secretarial and administrative support for 2015/16 and 2016/17. We have agreed to arrange for and fund the printing of the annual returns for 2015/16 and 2016/17. We will feed into the process for producing the new set of proper practices by reviewing and commenting on draft versions.
Treasurers' Societies	Provide guidance and advice to audited bodies.	Share knowledge and information on our work to support development of audited bodies' and possible SLB arrangements in the new audit regime.
FRC / ICAEW / ICAS	Establishment of Registered Supervisory Body (RSB) and development of quality monitoring arrangements.	Share knowledge and information on how we review audit quality in the current regime in order to inform arrangements in the new audit regime.
HFMA / CIPFA	Issue auditor panel guidance to audited bodies.	Comment on and assist with the drafting of the guidance.
Individual bodies or groups of audited bodies	Understand the issues to do with auditor procurement and appointment.	Share knowledge and information on our work to support development of audited bodies' and possible SLB arrangements in the new audit regime.

Appendix 1- Audited body types

Principal audited bodies

From 1 April 2015 the audit contracts cover local government and NHS bodies in England as follows:

Local government bodies

- county councils
- district councils
- London borough councils
- metropolitan district councils
- unitary authorities
- the Greater London Authority and functional bodies
- fire and rescue authorities
- combined authorities
- passenger transport executives
- integrated transport authorities
- national park authorities
- waste disposal authorities
- pensions authorities
- the London Waste and Recycling Board
- the Lea Valley Regional Park Authority
- the Broads Authority
- any smaller body electing to account as a larger body
- police and crime commissioners
- chief constables, including the Commissioner of Police of the Metropolis

NHS bodies

- clinical commissioning groups
- NHS trusts
- NHS charities linked to NHS trusts

Small bodies

The contracts relate to bodies which have income or expenditure below £6.5 million of the following types:

- parish councils
- parish meetings
- internal drainage boards
- charter trustees
- port health authorities