

Regulatory Compliance monitoring report

Quarter 3 2015-16

PricewaterhouseCoopers 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.

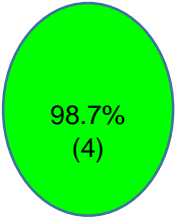
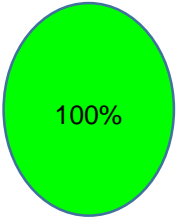
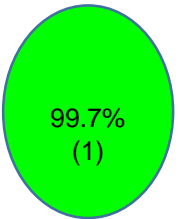
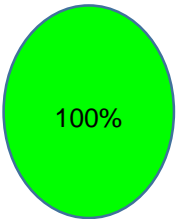
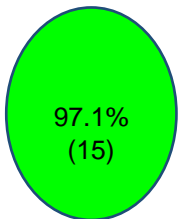
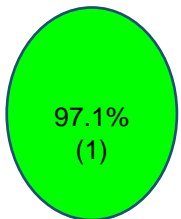
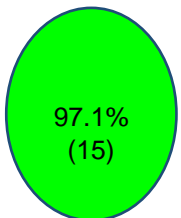
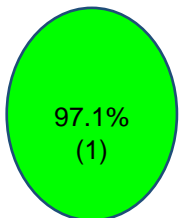
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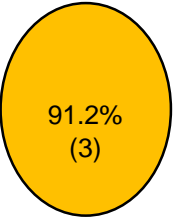
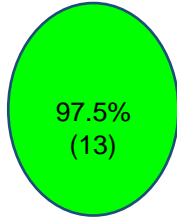
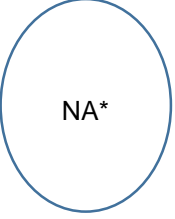
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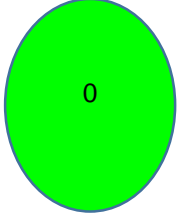
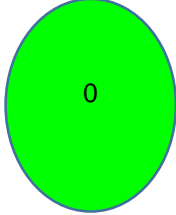
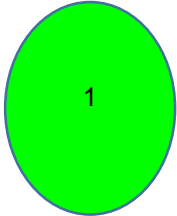
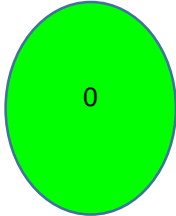
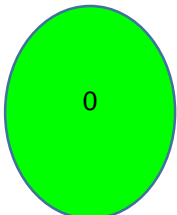
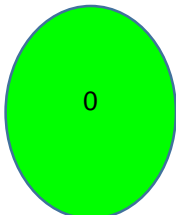
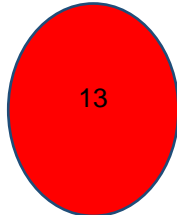
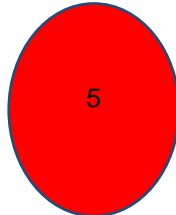
Monitoring of regime requirements

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

Activity	Target	All firms % (no.) missed	PwC % (no.) missed	Red, Amber, Green (RAG) status	Firm comments
Issue of planning letters.	100% by 30 April 2015.	100%	NA*	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)	93.5% (2)	G>95.01% delivered or 1 missed. A 90.01 – 95.00% delivered or 2 missed. R<90.00% delivered or 3 missed	The delayed opinions and VFM conclusions were because two CCGs entered into a 2014/15 transaction between them that we had reason to believe was beyond their respective powers. We consulted with a Technical Panel of PwC Partners, subject specialists, the NAO, NHS England (West Midlands) and PSAA over the lawfulness of this transaction. Having consulted extensively we concluded it would be appropriate to qualify our regularity opinion for both and issue section 19 referrals to the Secretary of State explaining our concerns regarding the transaction between the CCGs.
Issue of NHS VFM conclusions.	100% by 29 May 2015 (CCG) and 5 June 2015 (NHS Trusts).	98.0% (6)	93.5% (2)	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 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>	This delay was caused by insufficient information available to support a material balance in the financial statements. We continue to work with the audited body to draw the audit to a close.
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.			G>95.01% delivered or 1 missed. A 90.01 – 95.00% delivered or 2 missed. R<90.00% delivered or 3 missed	This occurred due to delays in receiving information to an appropriate standard from the organisations.
Issue of local government annual audit letters.	100% by 30 October 2015.			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 delays are due to on-going objections at these organisations we were unable to issue the Annual Audit Letter and confirm the final fee by the deadline. We continue to work with the PSAA, audited bodies and objectors to finalise the objections and issue our reports. The remaining delay relates to the reasons for our delayed Local Government opinion noted above
Confirmation of final local government fee to audited bodies.	100% by 30 October 2015.			G>95.01% delivered or 1 missed. A 90.01 – 95.00% delivered or 2 missed. R<90.00% delivered or 3 missed	As per comments above.
Audited body database information	Accurate database information provided to PSAA.			G>95.01% delivered or 1 missed. A 90.01 – 95.00% delivered or 2 missed. R<90.00% delivered or 3 missed	

Complaints upheld against auditors.	No complaints upheld against auditors.			G = 0 upheld A= 1 R = 2 or more.	
Non-compliance with requirements on independence issues.	No instances of non-compliance.			Firm: G= up to 1, A= 2, R= 3 or more Regime: G= up to 7, A= 8, R= 9 or more	
Attendance at Contact Partner Group meetings.	Attendance of Contact Partner (or nominated representative) at all meetings.			Firm: G= up to 1, A= 2, R= 3 or more missed meetings. Regime: G= up to 7, A= 8, R= 9 or more missed meetings.	
Consideration of Objections	All objections decided upon within nine months.			Firm: G= up to 1 over nine months A= 2, R= 3 or more Regime: G= up to 7 over nine months A= 8, R= 9 or more	We continue to work with the objectors, Councils, NAO and the PSAA in relation to resolving the outstanding objections over nine months old, in as efficient manner as possible.

*2015/16 indicators not applicable to PwC

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 £7,880 and £102,167 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
7,880	0.12	7,880	0.12

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
102,167	1.57	75,445	1.16

3 Further information has been requested from the firm by PSAA to support fee variations totalling £26,722 for 2014/15.

Non-audit services

4 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 three.

Table 3: Non-audit service requests

Body	Nature of work	Comments
1	Financial and commercial advisor	Approved

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.