

Regulatory Compliance monitoring report

Quarter 1 2016-17

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..... | 5 |
| Fee variations | 5 |

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.) | EY % (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) | |
| Complaints upheld against auditors. | There are no complaints upheld against auditors. Green 0 Upheld Amber 1 upheld Red 2 or more upheld | 0 | 0 | |
| Non-compliance with requirements on independence issues. | There are no 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 | 0 | 0 | |
| Consideration of objections | All objections decided upon 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 | 4 | 0 | |

Other issues identified in the quarter

Fee variations

2 During Quarter 1, PSAA received requests for variations to 2014-15 and 2015-16 scale fees, totalling £66,758 as detailed in Table 1.

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 | 3,881 | 0.03 | 3,881 | 0.03 |
| 2015-16 | 62,877 | 0.39 | 21,299 | 0.13 |

3 Further information has been requested from the firm to support the remainder of the variations requested.

Non-audit services

4 Three requests 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 1.

Table 2: Non-audit services requests

| Body | Nature of work | Comments |
|------------------------------|------------------------------------|----------|
| Suffolk CC | Advice re PFI contract | Approved |
| Northumberland CC/Arch Group | Tax Services | Approved |
| Walsall NHST | Project post implementation review | Approved |