

Regulatory Compliance monitoring report

Quarter 2 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.

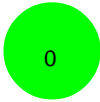
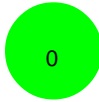

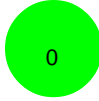
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Monitoring of regime requirements

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.)	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)	
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)	97% (6)	These were delayed due to technical reasons that the firm was unable to resolve before the deadline.
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)	96% (7)	These were delayed due to technical reasons that the firm was unable to resolve before 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)	
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)	98% (4)	
Complaints upheld against auditors.	There has been one complaint upheld against auditors. Green 0 Upheld Amber 1 upheld Red 2 or more upheld	1	0	

Activity	Target	All Suppliers % (no.)	EY % (no.)	Firm Comments
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			
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			

Other issues identified in the quarter

Fee variations

1 During quarter two, PSAA received requests for variations to 2015/16 scale fees, totalling £283,059 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
283,059	1.72	182,069	1.10

2 Fee variations totalling £5,699 were withdrawn as the firm agreed lower fees with the authorities than initially submitted to PSAA. PSAA has asked the firm to provide further supporting information on the remainder of the 2015/16 fee variations requested.

Non-audit services

3 Four requests were made to PSAA for approval of non-audit services above the de minimis threshold, set out in the Terms of appointment, and were considered during quarter two.

Table 2: Non-audit service requests

Body	Nature of work	Comments
1	VAT Compliance	Approved.
2	VAT Compliance	Approved
3	VAT Compliance	Approved
4	Risk Management	Being considered (Approved Q3)