

Regulatory Compliance monitoring report

Quarter 2 2016-17

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 a number of statutory functions (from the Audit Commission Act 1998) to PSAA on a transitional basis by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014.

As a consequence of these delegations, for 2017/18 the company will continue to be responsible under transitional arrangements for appointing auditors to local government and police bodies, for setting audit fees and for making arrangements for certification of housing benefit subsidy claims.

Looking beyond 2017/18, the Secretary of State has specified PSAA as an appointing person for principal local government bodies from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

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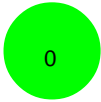
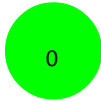

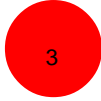
Monitoring of regime requirements

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.)	KPMG % (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)	99% (2)	These were delayed due to circumstances beyond the firm's control.
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)	99% (2)	These were delayed due to circumstances beyond the firm's control.
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)	99% (3)	
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	

Source: PSAA

2016-17 QRP Monitoring Spreadsheet/ 02/12/2016

Activity	Target	All Suppliers % (no.)	KPMG % (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			These are all very complex objections and we continue to progress them as efficiently as possible.

Other issues identified in the quarter

Fee variations

2 During quarter two, PSAA received requests for variations to 2014/15 and 2015/16 scale fees, totalling £20,171 and £203,944 respectively as detailed in Tables 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	20,171	0.10	11,534	0.06
2015-16	203,944	1.22	106,948	0.64

3 Fee variations totalling £2,346 have been rejected. This was in respect of PPE revaluation which would have been expected to have been covered by the scale fee for the audit. PSAA has asked the firm to provide further supporting information on the remainder of the fee variations requested.

Non-audit services

4 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	Contract evaluation	Approved
2	Tax advisory	Approved.
3	Tax advisory	Approved
4	Staff Training	Being considered (Approved Q3)