

Limited Assurance Compliance Report

Mazars LLP

December 2017

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 Act').

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

In respect of smaller authorities in England, these responsibilities ceased with effect from 31 March 2017.

With effect from 1 April 2017, the Secretary of State for Communities and Local Government appointed Smaller Authorities Auditor Appointments Limited (SAAA) to carry out the function of an Appointing Person for smaller authorities in England in accordance with s17 of the Act.

Contents

Compliance with regulatory requirements and the Quality Review Programme.....	4
Summary of overall performance.....	4
Compliance with regulatory requirements.....	4
The Quality Review Programme.....	5
Monitoring of regime requirements.....	7

Compliance with regulatory requirements and the Quality Review Programme

Summary of overall performance

- 1 PSAA monitors the performance of its audit suppliers, to assess whether their work meets our regulatory requirements and quality standards. This is how we obtain, and are able to provide audited bodies and other stakeholders with, assurance that auditors within our regime are delivering audits of an acceptable quality.
- 2 There are two strands to our monitoring:
 - first, we report on suppliers' compliance with our regulatory requirements for delivering key aspects of audits and for providing information to us. The results of this monitoring are noted in the Red, Amber, Green (RAG) table above. This strand of work also includes an assessment as to whether we can rely on each firm's systems for regulatory compliance and information assurance;
 - secondly, we apply our Quality Review Programme (QRP) which, for the final year of the current regime, includes undertaking our own reviews by assessing, on a sample basis, the quality of suppliers' internal Quality Control Review (iQCR) work.
- 3 We have assessed the overall quality of work to determine whether the firm has met the requirements of the regime through delivering work of an acceptable quality.
- 4 From the work undertaken, we have concluded that:
 - Mazars has performed well against our key compliance indicators;
 - we can continue to rely on the firm's systems for regulatory compliance;
 - we can continue to rely on the firm's systems for information assurance;
 - the quality of limited assurance work performed by the firm met required standards.
- 5 We have no recommendations to make.

Compliance with regulatory requirements

Performance indicators

- 6 The firm has performed well across our key performance indicators, with all of the five indicators being rated as green. The full results of the 2017 regulatory compliance monitoring RAG ratings, comparing the firm's performance against the overall performance for all firms, are detailed below.
- 7 By 30 September 2017, the firm had issued the opinion and certificate on the 2016/17 annual return at 97.1 per cent of audited bodies (97.7 per cent in 2015/16).

Information assurance review

8 During 2015, PSAA instructed its Internal Auditor (TIAA) to undertake a review of the firm's information assurance arrangements based on a return completed by the firm. The review considered whether the firm met the requirements of information governance legislation. There were no issues arising as a result of this review. We reviewed changes made to the firm's information assurance arrangements during 2016 and 2017 and we concluded that we could continue to rely on the firm's arrangements.

Systems for regulatory compliance

9 Last year our conclusion was that we could place reliance on the firm's systems and procedures for monitoring compliance with our regulatory and information assurance requirements.

10 For this review, the firm confirmed that its systems and procedures had not changed for regulatory compliance. Nothing has come to our attention in year to suggest this is not correct, and we concluded that we could continue to rely on the firm's systems.

11 We have identified no instances of non-compliance with our Terms of Appointment.

The Quality Review Programme

QRP and iQCR

12 The QRP for 2016/17 audits included undertaking our own reviews assessing, on a sample basis, the quality of suppliers' iQCR work.

13 The firm undertook 20 of its own reviews: 14 basic reviews; 4 intermediate reviews and 2 of the 5% sample we require. In addition, we visited the firm in November 2017 and reviewed in detail through reperformance our own sample of six engagements covered in the firm's iQCR.

14 Our reperformance of a sample of the firm's internal reviews did not identify any inconsistencies with reported outcomes.

15 From the review work, we have concluded that the overall quality of limited assurance work performed by the firm **met the required standard**. This is consistent with our rating of the firm's 2015/16 work.

Monitoring of regime requirements

1 This report summarises the performance of Mazars against key performance indicators. The all supplier comparison and comparative position is also provided.

Activity	Target	All Firms Jan-Dec 2017 % (no. missed)	Mazars LLP Jan-Dec 2017 % (no. missed)	All Firms Jan-Dec 2016 % (no. missed)	Mazars LLP Jan-Dec 2016 % (no. missed)	Red, Amber, Green (RAG) Status
Limited Assurance Audit Opinion Issued	100% by 30 September.	96.5 (333)	97.1 (31)	96.9 (306)	97.7 (24)	G >95.01% delivered. A 90.01 - 95.00% delivered. R <90.00% delivered.
Data Returns	Quality and accuracy of submitted data returns.	3	0	1	0	G= up to 2 not at required quality level (8 for regime). A= 3 not at required quality level (9 for regime). R= 4 or more not at required quality level (10 for regime).
Complaints	Number of complaints upheld against auditors	0	0	0	0	G = up to 1 A = 2 R = 3 or more

Contact Partner Group	Attendance at small body contact partner group meetings.	0	0	0	0	G = up to 1 meeting missed (4 for regime) A = 2 meetings missed (5 for regime) R = 3 or more meetings missed (6 for regime)
Database management	Accuracy of number of audited bodies in firm's database.	0	0	0	0	G= up to 2 not at required quality level (8 for regime). A= 3 not at required quality level (9 for regime). R= 4 or more not at required quality level (10 for regime).