

Regulatory Compliance monitoring report

Quarter 1 2018-19

EY 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.

Contents

- Monitoring of regime requirements..... 4
- Other issues identified in the quarter..... 5
 - Fee variations**..... 5
 - Non-audit services**..... 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.
- 2 Exception items are listed by Engagement Lead in Appendix 1 and also by Audited Body in Appendix 2.

Activity	Target	All Suppliers % (no.)	EY % (no.)	Firm Comments
Issue of planning (fee) letters.	100% by 30 April 2017. 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.	Complaints upheld against auditors. Green 0 Upheld Amber 1 upheld Red 2 or more upheld	0	0	
Non-compliance with requirements on independence issues.	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	Outstanding objections not determined 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	57	7	These are complex objections that require extensive consultation.

Other issues identified in the quarter

Fee variations

3 During quarter one, PSAA received requests for variations to 2016/17 and 2017/18 scale fees, totalling £187,957 and £48,855 respectively as detailed in Table1.

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
2016-17	187,957	1.15%	42,667	0.26%
2017-18	48,855	0.40%	25,047	0.21%

4 PSAA has asked the firm to provide further supporting information on the remainder of the fee variations requested; £145,290 (2016/17) and £23,808 (2017/18).

Non-audit services

5 One requests made to PSAA for approval of non-audit services above the de minimis threshold as set out in the Terms of Appointment during quarter four 2017/18 was approved in quarter one in 2018/19.

Table 2: Non-audit service requests

Body	Nature of work	Comments
1	Property acquisition arrangements/ Pooled Capital Receipts	Approved