

# Regulatory Compliance monitoring report

**Quarter 2 2018-19**

**Mazars 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<br>%<br>(no.) | Mazars<br>%<br>(no.) | Firm<br>Comments  |
|--|---|-----------------------------|----------------------|---|
| Issue of planning (fee) letters.                             | 100% by 30 April 2017.<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed                          | 100%<br>(0)                 | 100%<br>(0)          |   |
| Issue of local government audit opinions.                    | 100% by 31 July 2018.<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed                           | 87%<br>(63)                 | 94%<br>(2)           | This was the first year of the earlier close timetable. Delays in the issue of the financial statements opinion were due to matters outside of the firm's control as noted in the PSAA Report on the Results of Auditors work.              |
| Issue of local government audit VFM conclusions.             | 100% by 31 July 2018.<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed                           | 99%<br>(4)                  | 100%<br>(0)          | It is only possible to issue a VFM arrangements conclusion report alongside a financial statements audit opinion. There were no VFM arrangements conclusions delayed for reasons other than in respect of the financial statements opinion. |
| Issue of WGA reports.  | 100% by 31 August 2018<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed                          | 100%<br>(0)                 | 100%<br>(0)          | It is not possible to issue a WGA report until after an audit opinion has been issued. There were no WGA reports delayed for reasons other than in respect of the financial statements opinion.   |
| Confirmation of final local government fee to audited bodies | 100% by 31 August 2018<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed                          | 100%<br>(0)                 | 100%<br>(0)          |   |
| Issue of local government annual audit letters.              | 100% by 31 August 2018<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed                          | 100%<br>(0)                 | 100%<br>(0)          |   |
| Audited body database information.                           | Accurate database information provided to PSAA.<br><br>Green>95.01% delivered or only 1 missed<br>Amber 90.01% to 95% delivered or only 2 missed<br>Red<90% delivered of 3 or more missed | 100%<br>(0)                 | 100%<br>(0)          |   |
| Complaints upheld against auditors.                          | Complaints upheld against auditors.<br><br>Green 0 Upheld<br>Amber 1 upheld<br>Red 2 or more upheld   | 0                           | 0                    |   |
| Non-compliance with requirements on independence issues.     | Instances of non-compliance.<br><br>Firms: Green 1 case<br>Amber 2 cases<br>Red 3 or more cases<br><br>Regime: Green Up to 5 cases<br>Amber 6 or 7 cases<br>Red 8 or more cases           | 0                           | 0                    |   |

Source: PSAA

| Activity                               | Target  | All Suppliers<br>%<br>(no.) | Mazars<br>%<br>(no.) | Firm<br>Comments   |
|--|---|-----------------------------|----------------------|--|
| Attendance at Contact Partner Meetings | Attendance of Contact Partner at all meetings.<br>Firms: Green 1 case<br>Amber 2 cases<br>Red 3 or more cases<br><br>Regime: Green Up to 5 cases<br>Amber 6 or 7 cases<br>Red 8 or more cases         | 0                           | 0                    |  |
| Consideration of objections            | Outstanding objections not determined within 9 months.<br>Firms: Green 1 case<br>Amber 2 cases<br>Red 3 or more cases<br><br>Regime: Green Up to 5 cases<br>Amber 6 or 7 cases<br>Red 8 or more cases | 57                          | 2                    | These are complex objections that require extensive review and legal consultation. |

## Other issues identified in the quarter

### Fee variations

2 During quarter two, PSAA received requests for variations to 2016/17 and 2017/18 scale fees, totalling £30,925 and £15,674 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 | 30,925   | 1.03%                                      | 30,925   | 1.03%                                     |
| 2017-18 | 15,674   | 0.65%                                      | 0  | 0.00%                                     |

3 PSAA has asked the firm to provide further supporting information on the remainder of the fee variations requested: £15,674 (2017/18).

### Non-audit services

4 During quarter two, no requests were made to PSAA for approval of non-audit services above the de minimis thresholds set out in the Terms of Appointment.