

Audit Contract Monitoring Report Data Pack

PSAA Board

Quarter 4 – March 2021

Quarter Highlights

- We continue to monitor delivery of audit engagements and are providing updates to the NAO, MHCLG and HMT. At 31 March 2021 opinions were outstanding as follows:
 - For 2018/19 at 19 authorities (4%); and
 - For 2019/20 at 116 authorities (24%).
- On 16 March the NAO published a factual report on '*Timeliness of local auditor reporting on local government in England, 2020*'. The report sets out the local audit framework, the effects of late delivery of audit opinions locally and nationally in 2020, and the factors underlying the late delivery of audit opinions.

Quarter Highlights

- Auditors have used their additional powers as follows –
 - Statutory Recommendations have been made at two authorities*:
 - Scarborough Borough Council
 - South Ribble Borough Council
 - Public Interest Reports have in made at two authorities:
 - Northampton Borough Council
 - City of York Borough Council

*Statutory recommendations have also been made at Slough BC in May 2021

Audit Opinions data 2019/20

Firm	Total audits	Outstanding at 30 Nov 2020		Outstanding at 31 December 2020		Outstanding at 31 March 2021	
BDO	25	14	56%	12	48%	11	44%
DL	26	16	62%	15	58%	13	50%
EY	161	103	64%	81	50%	47	29%
GT	179	82	46%	64	36%	31	17%
Mazars	88	49	56%	30	34%	14	16%
Total	478	264	56%	202	42%	116	24%

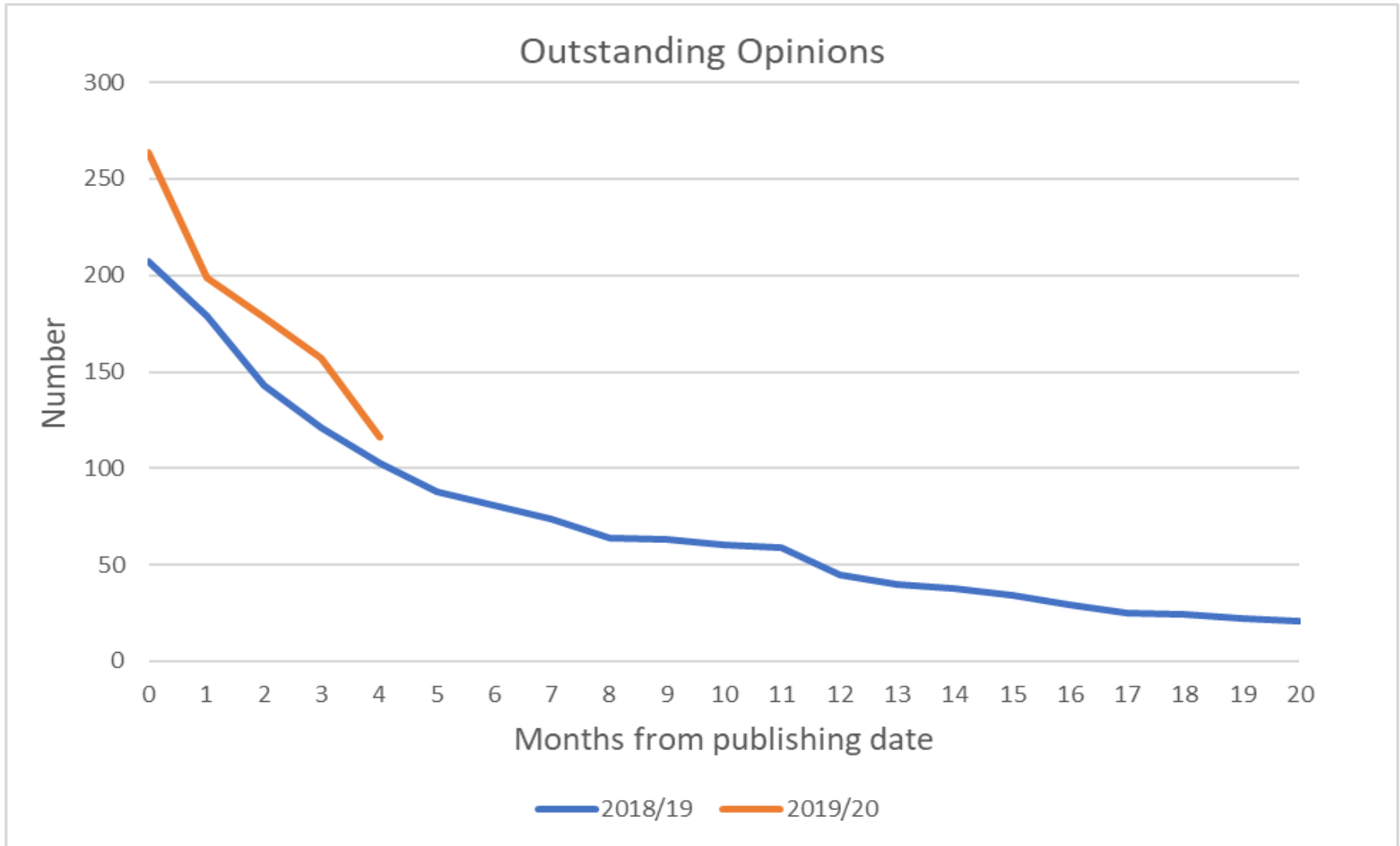
Publishing date of 30 November 2020

Audit Opinions data 2018/19

Firm	Total audits	Opinions not delivered			
		31 July 2019	30 Sept 2019	30 Sept 2020	31 Mar 2021
BDO	27	13	9	4	2
DL	30	18	15	4	3
EY	163	90	70	20	8
GT	181	70	35	7	4
Mazars	85	17	13	2	2
Total	486	208	142	37	19
Total 2018		65	25	8	4

Publishing date of 31 July 2019

Profile of Audit completions



Summary of Objections under Investigation

As at 31 March 2020	2016/17 & prior	2017/18	2018/19	2019/20	Total
BDO	6	2	-	3	11
DL	n/a	n/a	1	8	9
EY	2	-	3	-	5
GT	2	2	9	5	18
KPMG	3	-	n/a	n/a	3
Mazars	2	1	5	3	11
Total	15	5	18	19	57

Seven objections have been closed in the last quarter.

Fee variations – Local Government

We monitor the levels of variations to scale fees requested and report on approved fee variations to each Board meeting. The cumulative position is shown below. The figures in the table reflect different positions in relation to each year. For example, for 2016/17, the vast majority of fee variations have now been determined. In contrast, for 2019/20, a significant proportion of fee variation proposals are either awaiting determination or have not yet been submitted to PSAA

Year	Audit scale fee £m	Total net value of fee variation requests approved (£m)	Total cost of audit £m	% of variation against total scale fee approved
2016/17	42.3	3.2	45.5	7.70%
2017/18	42.4	3.6	46.0	8.63%
2018/19	28.2	4.1	32.3	14.72%
2019/20	28.2	1.9	30.1	6.91%

Other Performance Indicators

As part of our audit quality monitoring arrangements we consider a range of other performance indicators.

We have two reportable issues of non-compliance with the Terms of Appointment in this quarter.

- GT identified that they had provided tax services to a Local Authority subsidiary company. Tax services are classified as a non-audit service which requires prior PSAA approval;
- GT identified that a manager had been re-appointed to an engagement after three years rather than five years. To avoid over familiarity through long association we specify periods for which an audit manager or partner can be involved with an authority with a cooling off period before they can reengage.

Appropriate action has been taken to mitigate the risk to auditor independence and a change in auditor appointment was not necessary in either case.