

PSAA appointed auditors – quality of audit services

Introduction to the results from our second client survey

We use the survey results to help to assess how our appointed auditors have managed their relationships with audited bodies. The effectiveness of relationship management is one of the measures that we use to monitor the quality of audit services provided. We commissioned the LGA's Research Team to work independently of us, and they have conducted the survey and analysis, and have obtained views from finance directors and audit committee chairs.

Auditors undertook the 2019/20 audits during a very difficult time for all concerned. The systemic issues that triggered Sir Tony Redmond's Review continued and were compounded by the pandemic. Auditors needed to perform additional audit procedures because of the resulting uncertainties, and to work remotely. These difficulties contributed further to the ongoing problem of timeliness of local government audit completion in England.

The survey results reflected this situation, and respondents also expressed their concerns about the wider local audit regime. Responses highlighted the local impact of delayed audit opinions, the shortage of auditor resources, the level of scale fee variations, and the extent of the audit work now required on property and pension valuations.

Last year's survey results found that audited bodies were concerned about the quality of auditor communications and the relevant skills, and so this year we asked specific survey questions about these areas as well as the impact of the pandemic. This year's results show that there is still room for improvement. Only 40% of finance directors and 60% of audit committee chairs considered that they had received information on fee variations on a timely basis. However, the results were more positive in relation to the auditor providing an explanation of the cause at 56% and 69% respectively.

Two-thirds (66%) of finance directors thought that communications during the audit were sufficiently frequent. The pandemic impacted on the audits in multiple ways, and around 80% of respondents thought they had had frequent communications on 'remote working' and the increased audit procedures covering going concern, valuations and accounts disclosures. This fell to 60% for communications on the timeliness of audit work.

Last year 25% of finance directors reported that they did not think the audit team had the skills to deliver the audit. This year we asked for feedback by grade. Satisfaction with Key Audit Partners' skills was highest at 82%, followed by managers at 77% and audit team members at 58%. The lowest rating of 40% satisfaction was for those outside the local team (auditors' experts and firm technical team members).

We asked some relationship specific questions. Consistent with last year 66% of finance directors felt their auditor could be approached as a sounding board when required.

However, only 20% of responses said that the audit committee had met privately with the auditors, a drop from 53% last year. This is concerning as these private sessions are widely acknowledged to contribute positively to the organisation's governance arrangements and specifically to the relationship between the auditor and the committee.

We also asked for views on how useful the audit had been in adding value and delivering improvements. A much higher level of Audit Committee chairs (72%) responded positively compared to finance directors (39%), one of the biggest differences across all of our questions.

We will discuss the survey's themes and improvement areas with the firms' local government leads, including individual firm feedback to enable local level development of ways of improving relationship management.

PSAA will continue to raise the concerns expressed with key stakeholders in discussions and as decisions are made on the future of the local audit regime.

PSAA quality of audit service feedback survey

Research report
April 2021



To view more research from the Local Government Association's Research and Information team please visit: <http://www.local.gov.uk/local-government-intelligence>

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Background and Methodology

Public Sector Audit Appointments (PSAA) monitors the performance of the auditors it has appointed to undertake audits under the Local Audit and Accountability Act 2014. The results of their monitoring provide audited bodies and other stakeholders with assurance that quality audit services are being delivered.

In order to inform this monitoring process, it is vital that PSAA understand the views of the bodies it appoints the auditors for, establishing how useful the audit process and outputs are and considering how auditors can improve in this regard. To this end, PSAA commissioned the Local Government Association's (LGA) Research and Information team to conduct two anonymous surveys seeking the views and experiences of directors of finance and Audit committee chairs, respectively, in relation to audits for the 2019/20 financial year and taking place during 2020/21. The generic name 'Audit Committee' is used in this report.

This is a report of the surveys' findings. The main body of this report covers the questions sent to directors of finance and audit committee chairs.

The surveys were conducted using two online forms. An email containing a survey link was sent, on the one hand to the directors of finance or equivalent of all 474 audited bodies served by PSAA, and on the other hand to the 474 chairs of those organisations' Audit Committees. The surveys were available to complete during the period March to April 2021. This year member service officers were also involved to encourage their audit committee chairs to participate in this feedback.

The final overall response rate for the directors of finance part of the research was 42 per cent (198 directors of finance). The final overall response rate for the Audit committee chairs' part of the research was slightly lower at 24 per cent (116 Audit committee chairs). This level of response rate means that these results should not be taken to be more widely representative of the views of all councils. Rather, they are a snapshot of the views of this particular group of respondents.

PSAA views the feedback of Audit committee chairs as being very important for the assessment and improvement of auditor performance in fulfilling their obligations under the contract. PSAA has encouraged the participation of this group of responders and will continue to engage through a variety of means, including the Local Audit Quality Forums, as a mechanism for obtaining views and feedback from Audit committee chairs.

Summary of results:

Meeting Expectations

- Just over 70 per cent of finance directors said that the audit service met their expectations to a moderate or great extent as set out in the audit planning documentation and method statement, allowing for the impact of the pandemic. Nearly 85 per cent of audit committee chairs also said this.

Audit completion

- More than half of both finance directors and audit committee chairs said their audit was not completed by 30 November 2020.
- Of those who said it was not completed by 30 November, more than three-quarters of finance directors said this was because of resourcing issues on the part of the auditor. More than half of audit committee chairs also said this. Just under half of finance directors and audit committee chairs said it was due to resolving issues raised during the audit.

Delays in the audit process

- More than 40 per cent of finance directors and audit committee chairs said they agreed with the statement 'The need to delay the audit beyond 30 November was communicated on a timely basis'.
- The statement 'the underlying reason for the need to delay the audit opinion was communicated on a timely basis', was agreed by just under half of the finance directors that responded to this question; this was also mirrored by audit committee chairs.
- Concerning the statement 'The auditor made arrangements to minimise disruption to the organisation', just over 40 per cent of finance directors disagreed with this statement; however, a majority (45 per cent) of audit committee chairs said they agreed with it.

Communications

- More than 60 per cent of finance directors said they agreed that 'communications were frequent throughout the audit process'.
- Concerning the statement 'Communications were provided to ensure that no surprises occurred throughout the audit process', more than 50 per cent of financial directors agreed.
- More than 60 per cent of finance directors said they agree that 'the audit team worked effectively with officers to deliver a remote audit'.
- Finance directors were asked how frequently the auditors communicated with them regarding the impact of the pandemic. More than 50 per cent of finance directors said their auditors communicated a great deal or a fair amount on all areas concerning the pandemic and their audit, such as a shift to a remote rather than face to face approach, timeliness, any disclosures, going concerns and valuations.

Skills and tools of the audit team

- Of finance directors that responded, 47 per cent agreed that technical experts brought in provided the required level of skills and experience to facilitate the audit.
- More than half (66 per cent) of finance directors agreed that the auditor could be approached to act as a sounding board when required.
- The majority of finance directors (85 per cent) and audit committee chairs (80 per cent) said the audit committee did not meet privately with the auditors without officers presents, for example in any pre-committee meetings.
- Over 80 per cent of finance directors and audit committee chairs said they were satisfied with their auditor's performance in audit committee and pre-committee meetings.

Efficiency and effectiveness of the audit team

- Finance directors were asked how satisfied or dissatisfied they were with the competence of members of the audit team; the majority of finance directors were satisfied with all members of the team.

Fee variations

- More than 50 per cent of finance directors and just under 70 per cent of audit committee chairs said they agreed that when an additional fee was proposed, the auditor explained the reason for this.
- The majority (59 per cent) of finance directors said they disagreed with the statement, 'where an additional audit fee was proposed this was reported to the audit committee in a timely manner'; however, for audit committee chairs, the majority of them agreed with this statement.

Adding value

- Over 50 per cent of finance directors felt the audit did not add value or deliver improvements; however, over 70 per cent of audit committee chairs found the reports provided useful.

Introduction

Public Sector Audit Appointments (PSAA) is specified by the Secretary of State for Housing, Communities and Local Government under the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015 as the appointing person for principal local government bodies in England, including local police and fire bodies.

Under the PSAA national auditor appointment scheme, auditor appointments were made to 478 authorities comprising organisations in the public sector (local government, police and fire and rescue) that opted in (98%) for the five-year period 2018/19 to 2022/23. The Regulations require PSAA to 'monitor compliance by a local auditor against the contractual obligations in an audit contract'. PSAA carries out an annual programme of work to provide assurance to audited bodies and other stakeholders that quality audits services are being delivered.

An important element of the monitoring programme is how the auditors have managed relations with the audited bodies. In order to inform this monitoring process, it is vital that PSAA obtains customer feedback to understand the views of the bodies it appoints the auditors for, establishing how useful the audit process and outputs are and considering how auditors can improve in this regard. To that end, PSAA commissioned the LGA's Research and Information team to conduct survey research surveys seeking the views and experiences of directors of finance and Audit committee chairs, respectively, in relation to audits taking place in 2020/21 relating to the 2019/20 financial year.

This is a report of the survey's findings. The main body of this survey covers the questions sent to directors of finance and audit committee chairs with, with comparisons drawn from both sets of feedback. The full questions sent to the directors of finance and audit committee chairs can be found in Appendix A and B.

Methodology

The surveys were conducted by the LGA's Research and Information team using two online forms. An email containing a survey link was sent to the directors of finance or equivalent at those bodies who have opted in to PSAA's national auditor scheme, and to the audit committee chairs of those organisations. All authorities received a survey, even where the audit was still in progress as of 30 November 2020. The surveys were available to complete online between March and April 2021. A number of reminders to non-responders were issued during this period.

The final overall response rate for the directors of finance part of the research was 42 per cent (198 directors of finance). Table 1 shows finance director respondents broken down by the firm responsible for auditing their organisation.

Table 1: Respondents broken down by auditor (directors of finance)			
Auditor	Total number	Respondents (%)	Respondents (Number)
BDO	25	40	10
Deloitte	26	23	6
Ernst & Young	157	50	78
Grant Thornton	179	40	72
Mazars	87	37	32
Total	474	42	198

The final overall response rate for the audit committee chairs part of the research was 24 per cent (116 Audit committee chairs). Table 2 shows audit committee chair respondents broken down by the firm responsible for auditing their organisation.

Table 2: Respondents broken down by auditor (Audit committee chairs)			
Region	Total number	Respondents (%)	Respondents (Number)
BDO	25	24	6
Deloitte	26	31	8
Ernst & Young	157	28	43
Grant Thornton	179	22	40
Mazars	87	22	19
Total	474	24	116

Where tables and figures report the base, the description refers to the group of people who were asked the question and the number in brackets refers to the number of respondents who answered each question. Please note that

bases vary throughout the survey.

Where the response base is less than 50, care should be taken when interpreting percentages, as small differences can seem magnified. Therefore, where this is the case in this report, the non-percentage values are reported, in brackets, alongside the percentage values. Where this is the case, any significant analysis is not reliable and only the top line data findings will be shown.

Throughout the report percentages in figures and tables may add to more than 100 per cent due to rounding.

In the survey the word 'auditor' covers the firm and the audit partner. 'Audit Committee' is used to refer to the committee that the auditor reports to.

PSAA feedback survey on quality of audit services

This section contains analysis of the full set of results of the survey relating to finance directors and audit committee chairs. Each sub-section includes:

- An overall summary of the finance director results;
- A breakdown of the finance director results by auditor;
- An overall summary of the audit committee chair results;
- A breakdown of the audit committee chair results by auditor; and
- A selection of representative quotes provided by the finance director and audit committee chair respondents.

Meeting expectations

Finance directors and audit committee chairs were asked to what extent the audit service provided met expectations as set out in the audit planning documentation and method statement, allowing for the impact of the pandemic. The majority of finance directors (73 per cent) and audit committee chairs (84 per cent) who answered this question said that the audit services provided met their expectations to a great or moderate extent. This can be seen in Figures 1 and 2. Although we cannot make a direct comparison to those that answered this question last year due to different organisations participating, we can however see that there has been a slight increase in percentage of respondents who felt the audit services provided met their expectations to a great or moderate extent. Table 4 shows the percentage and number of finance directors and audit committee chairs that selected “to a great” or “moderate extent” broken down by audit firm.

Table 3: To what extent did the audit service provided to your organisation meet your expectations as set out in the audit planning documentation and method statement, allowing for the impact of the pandemic?

Response	Finance Directors	Audit committee chairs
	%	%
To a great or moderate extent	73	84
To a great extent	22	55
To a moderate extent	51	29
To a small extent	20	13
Not at all	7	4

Base: all finance director respondents (196), all audit committee chair respondents (111)

Figure 1: To what extent did the audit service provided to your organisation meet your expectations as set out in the audit planning documentation and method statement, allowing for the impact of the pandemic? (Finance directors)

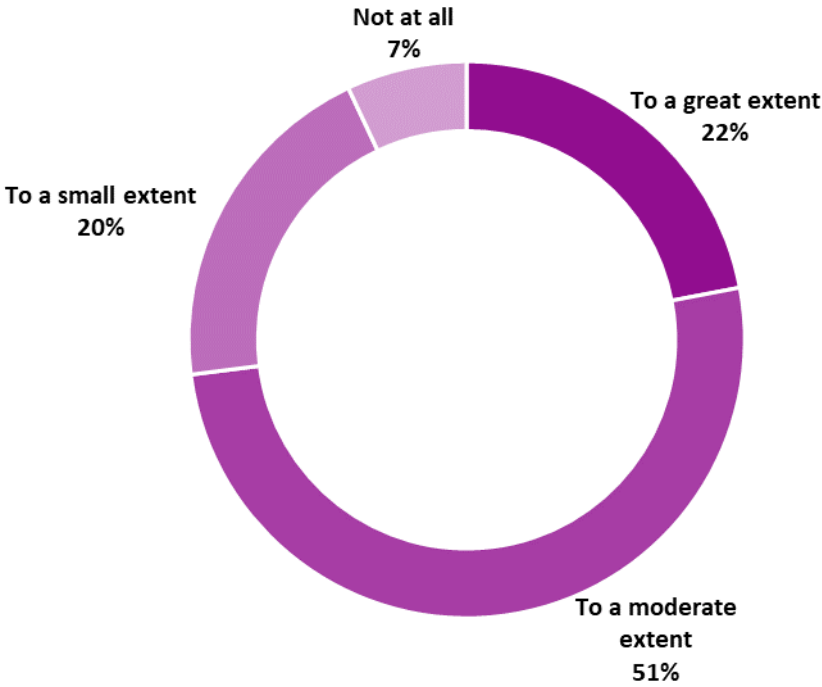


Figure 2: To what extent did the audit service provided to your organisation meet your expectations as set out in the audit planning documentation and method statement, allowing for the impact of the pandemic? (Audit committee chairs)

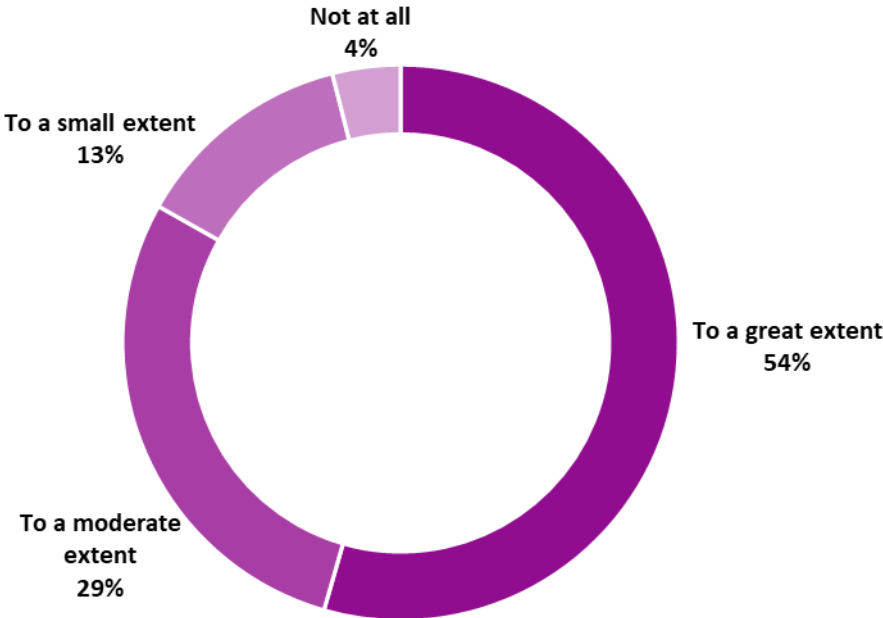


Table 4: The audit service provided met expectations as set out in its audit planning documentation and method statement, allowing for the impact of the pandemic. Percentage and (number) selecting “to a great extent” or “to a moderate extent” by auditor from both surveys

Auditor	Finance Directors	Audit committee chairs
	% (Nos.)	% (Nos.)
BDO	77 (7)	80 (4)
Deloitte	66 (4)	88 (7)
Ernst & Young	100 (53)	77 (33)
Grant Thornton	76 (55)	87 (33)
Mazars	75 (24)	94 (16)

Base: all finance director respondents - BDO (9), Deloitte (6), Ernst & Young (53), Grant Thornton (72) and Mazars (32).

All audit committee chair respondents - BDO (5), Deloitte (8), Ernst & Young (43), Grant Thornton (38) and Mazars (17).

Audit completion

Finance directors and audit committee chairs were asked if their audit was completed on time and, if it was not, then the reason for this. More than half (56 per cent) of finance director respondents said that their audit was not completed by 30 November 2020. The audit committee chair respondents showed similar findings, 51 per cent said the audit was not completed by 30 November, 46 per cent of respondents said their audit was completed by the target date and four per cent did not know.

For the scheme as a whole, 264 audit opinions failed to meet the 30 November target date, representing 55% of opted in bodies. Hence, the response to the survey have a similar profile to the overall population.

Table 5: Was your audit completed by 30 November 2020?

Response	Finance Directors	Audit committee chairs
	%	%
Yes	44	46
No	56	51
Don't know	0	4

Base: all finance director respondents (198) and all audit committee chair respondents (112)

Table 6: Was your audit completed by 30 November 2020, findings broken down by auditor from both surveys

Response	Finance Directors		Audit committee chairs	
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
	Yes	No	Yes	No
BDO	50 (5)	50 (5)	60 (3)	40 (2)
Deloitte	17 (1)	83 (5)	29 (2)	71 (5)
Ernst & Young	36 (28)	64 (50)	37 (15)	63 (26)
Grant Thornton	53 (38)	47 (34)	58 (22)	42 (16)
Mazars	50 (16)	50 (16)	53 (9)	47 (8)

Base: all finance director respondents - BDO (10), Deloitte (6), Ernst & Young (78), Grant Thornton (72) and Mazars (32).

All audit committee chair respondents - BDO (5), Deloitte (7), Ernst & Young (41), Grant Thornton (38) and Mazars (17) – does not include don't know (4).

Those respondents stating that their audit was not completed on time were asked what reasons were given for this delay. Seventy-seven per cent of finance directors and 56 per cent of audit committee chairs said resourcing issues on the part of the auditor was a reason the audit was not completed on time. Resolving issues raised during the audit, was felt as being a reason for the delay by 48 per cent of finance directors and 35 per cent of audit committee chairs. This can be seen in Figures 3 and 4.

Table 7: Why was the audit not completed by this time?

Response	Finance Directors	Audit committee chairs
	%	%
Complexities in the organisation's financial situation	12	21
Resourcing issues within the finance team	18	16
Resourcing issues on the part of the auditor	77	56
Resolving issues raised during the audit	48	35
Other reasons	31	42

Base: all finance director respondents (110) and all audit committee chair respondents (57)

Note: columns do not total to 100 per cent as respondents were able to pick more than one option.

Figure 3: Why was the audit not completed by this time? (Finance directors)

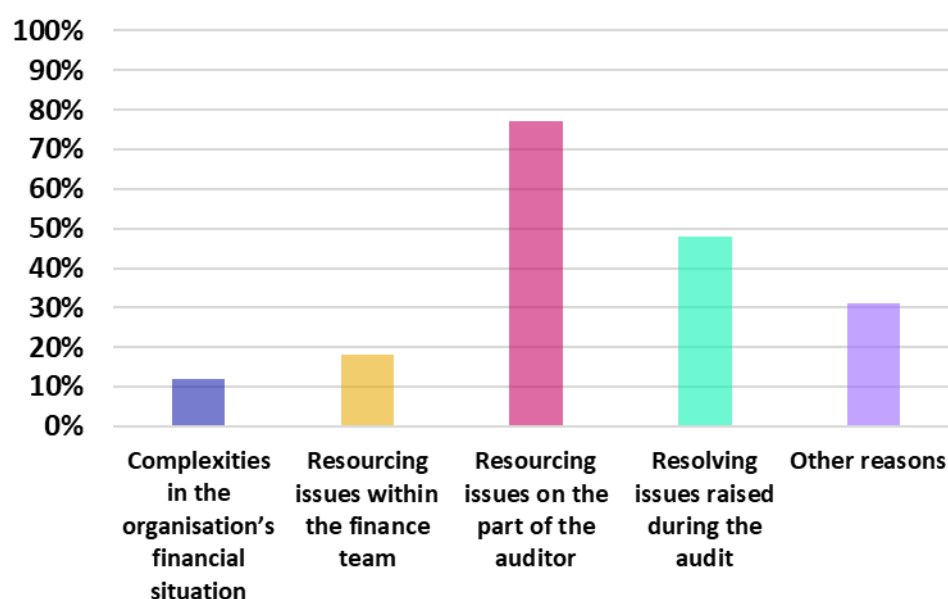
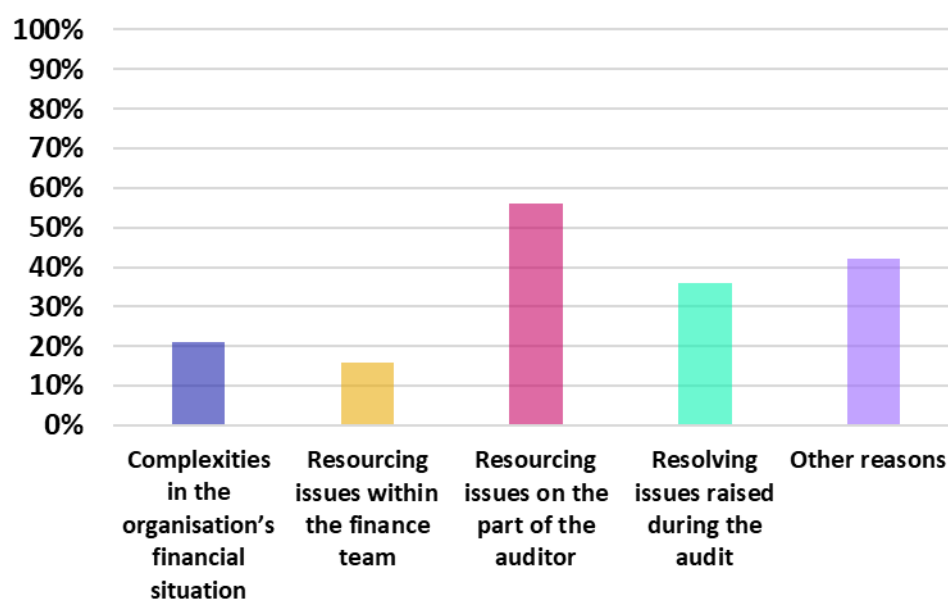


Figure 4: Why was the audit not completed by this time? (Audit committee chairs)



Comments from both the finance directors survey and the audit committee chairs survey identified a wide range of working practices ranging from highly positive and highly negative. Below are some comments about why the audit was delayed:

“The auditors could have managed their resource better. The delays with them asking questions and changes in personnel meant that our finance staff were answering the same questions multiple times or a long time after the audit papers had been generated.”

“Completion of the audit was significantly delayed, in our view largely as a result of the lack of a competent and sufficient resource being allocated to the audit by our external auditors. In addition, significant delays occurred due to the insistence of our external auditors in effectively revaluing elements of our property portfolio in a manner that caused duplication, delay and added no real value.

The audit of the local government pension fund was undertaken later than our audit which therefore held up the issue of the opinion on our Accounts. Given it's on the critical path the pension fund audits should be undertaken earlier to avoid the impact on the sign-off of local government body Accounts.

I have found our external audit partner very approachable, helpful and supportive and have some sympathy in the challenges they have in resourcing local government audits.

Communicating on Delays in the audit process

Finance directors and audit committee chairs were asked how much they agreed with a set of statements that related to communications on audit completions being delayed beyond 30 November 2020. More than four out of ten (41 per cent) of finance directors said they strongly agreed or tended to agree that the need to delay the audit beyond 30 November was communicated on a timely basis. More than two fifths (44 per cent) said they strongly agreed or tended to agree that the underlying reason for the need to delay the audit opinion was communicated on a timely basis. This was similar to the response from finance directors in last year's survey. Finally, 44 per cent said that they tended to disagree or did not agree at all that the auditor made arrangements to minimise the disruption to the organisation. This has seen an increase compared to last year's findings.

Table 9 shows that the audit committee chairs responded in a similar vein. A little less than half (48 per cent) of audit committee chairs said they strongly agreed or tended to agree that the need to delay the audit beyond 30 November was communicated on a timely basis. More than four out of 10 (49 per cent) said they strongly agreed or tended to agree that the underlying reason for the need to delay the audit opinion was communicated on a timely basis. Finally, 34 per cent said that they tended to disagree or did not agree at all that the auditor made arrangements to minimise the disruption to the organisation.

Table 8: How much do you agree or disagree with the following statements in relation to the audit being delayed beyond 30 November 2020? (Finance directors)

Statements	Strongly agree or tend to agree	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all	Don't know
	%	%	%	%	%	%	%
The need to delay the audit beyond 30 November was communicated on a timely basis	41	17	24	21	35	4	0
The underlying reason for the need to delay the audit opinion was communicated on a timely basis	44	17	27	17	35	14	0
The auditor made arrangements to minimise disruption to the organisation	32	7	25	22	35	9	2

Base: all finance director respondents (110)

Table 9: How much do you agree or disagree with the following statements in relation to the audit being delayed beyond 30 November 2020? (Audit committee chairs)

Statements	Strongly agree or tend to agree	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all	Don't know
	%	%	%	%	%	%	%
The need to delay the audit beyond 30 November was communicated on a timely basis	48	21	27	25	20	7	0
The underlying reason for the need to delay the audit opinion was communicated on a timely basis	49	20	29	29	18	5	0
The auditor made arrangements to minimise disruption to the organisation	45	16	29	25	20	7	4

Base: all audit committee chair respondents (56)

Table 10: How much do you agree or disagree with the following statements in relation to the audit being delayed beyond 30 November 2020? Percentage and (number) selecting “strongly agree” or “tend to agree” by auditor from finance directors survey.

Statements	BDO	Deloitte	Ernst & Young	Grant Thornton	Mazars
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
The need to delay the audit beyond 30 November was communicated on a timely basis	60 (3)	80 (4)	36 (18)	47 (16)	25 (4)
The underlying reason for the need to delay the audit opinion was communicated on a timely basis	40 (2)	80 (4)	40 (20)	50 (17)	38 (6)
The auditor made arrangements to minimise disruption to the organisation	40 (2)	20 (1)	32 (16)	35 (12)	31 (5)

Base: all finance director respondents: Row 1, 2 and 3 - BDO (5), Deloitte (5), Ernst & Young (50), Grant Thornton (34) and Mazars (16).

Table 11: How much do you agree or disagree with the following statements in relation to the audit being delayed beyond 30 November 2020? Percentage and (number) selecting “strongly agree” or “tend to agree” by auditor from audit committee chair survey.

Statements	BDO	Deloitte	Ernst & Young	Grant Thornton	Mazars
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
The need to delay the audit beyond 30 November was communicated on a timely basis	20 (1)	40 (2)	32 (8)	69 (11)	63 (5)
The underlying reason for the need to delay the audit opinion was communicated on a timely basis	20 (1)	40 (2)	36 (9)	63 (10)	63 (5)
The auditor made arrangements to minimise disruption to the organisation	20 (1)	20 (1)	36 (9)	56 (9)	63 (5)

Base: all audit committee chair respondents: Row 1, 2 and 3 - BDO (5), Deloitte (5), Ernst & Young (25), Grant Thornton (16) and Mazars (8).

Some comments from finance directors about disruption can be seen below:

“The audit was carried out and completed in the main by September but delayed and last minute questions meant it wasn't completed and signed off until November 2020. For 2020/21, it has been recognised that better planning and focussed management of the audit team will improve the delivery of the audit”

“The pandemic has had a huge impact both on council resources and auditor resources. It is evident that delivering the audit remotely is less effective and adds time. The demand for auditor time seems to have increased significantly, perhaps reflecting regulatory requirements and lower risk appetite for auditors. There is much less flexibility and cooperation than in previous years. It appears the audit team was not adequately resourced to deliver the audit on time, and I have already been advised that our auditor cannot guarantee completing the audit by 30 September this year.”

“The auditors are unwilling to fit around the needs of the council. They raise issues but, despite receiving timely, comprehensive responses, keep the council waiting until they have a gap in their schedule. This results in totally unnecessary and unacceptable delays.”

Communications

Finance directors were asked to what extent did they agree with a set of statements related to communications. Three-fifths (66 per cent) of finance directors agreed that communications were frequent throughout the audit process. More than half of the respondents (52 per cent) said they agreed that communications were provided to ensure that no surprises occurred throughout the audit process. Two-thirds (65 per cent) of finance directors agreed that the audit team worked effectively with officers to deliver a remote audit, see Figure 5. Table 13 shows these findings broken down by audit firm

for those that said that they strongly agreed or tended to agree with the statements.

Table 12: To what extent do you agree or disagree with the following statements in relation to efficiency and effectiveness of the audit? (Finance directors)

Statements	Strongly agree or tend to agree	Strongly agree	Tend to agree	Neither agree or disagree	Tend to disagree	Strongly disagree	Don't know
	%	%	%	%	%	%	%
Communications were frequent throughout the audit process	66	22	44	12	17	4	0
Communications were provided to ensure that no surprises occurred throughout the audit process	52	16	36	18	24	6	0
The audit team worked effectively with officers to deliver a remote audit	65	22	43	14	14	7	0

Base: all finance director respondents (198)

Figure 5: To what extent do you agree or disagree with the following statements in relation to efficiency and effectiveness of the audit? (Finance directors)

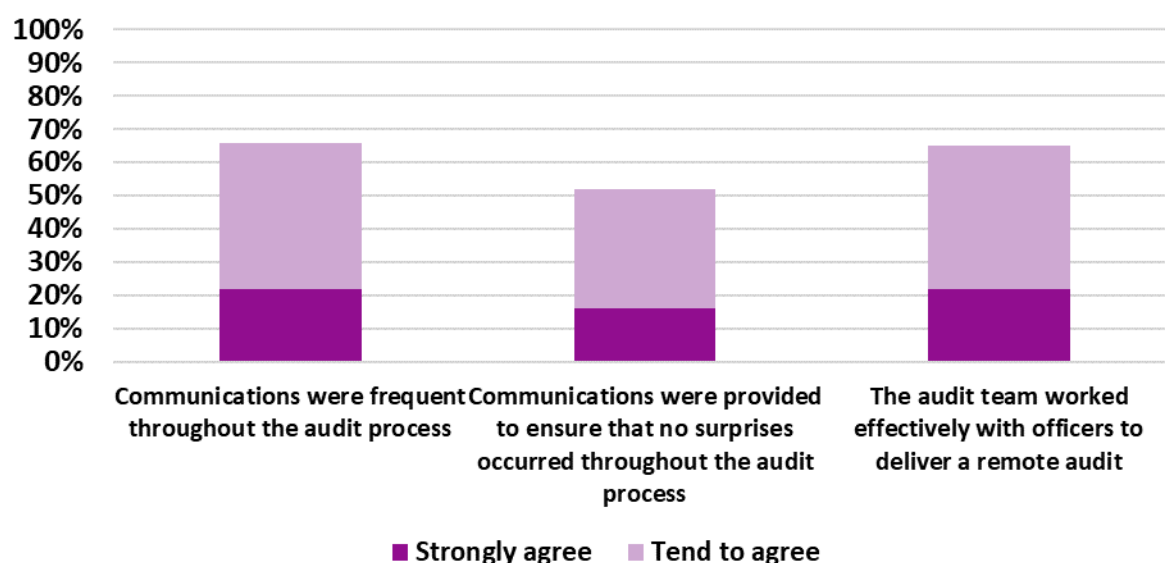


Table 13: To what extent do you agree or disagree with the following statements in relation to efficiency and effectiveness of the audit? Percentage and (number) selecting “strongly agree” or “tend to agree” by auditor from finance directors survey.

Statements	BDO	Deloitte	Ernst & Young	Grant Thornton	Mazars
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
Communications were frequent throughout the audit process	70 (7)	66 (4)	67 (52)	65 (47)	69 (22)
Communications were provided to ensure that no surprises occurred throughout the audit process	20(2)	33 (2)	49 (38)	58 (42)	59 (19)
The audit team worked effectively with officers to deliver a remote audit	90 (9)	50 (3)	63 (49)	63 (45)	72 (23)

Base: all finance director respondents: Row 1, 2 and 3 - BDO (10), Deloitte (6), Ernst & Young (78), Grant Thornton (72) and Mazars (32).

Finance directors were asked how effectively the auditors communicated the impact of the pandemic specifically on the audit. They were asked to respond for five areas, a shift in approach to a remote rather than a face-to-face audit, timeliness, disclosures, going concern and valuations. Eight out of ten (82 per cent) of respondents said the auditors communicated a great deal or a fair amount with them regarding a shift to a remote rather than a face-to-face approach. More than half (60 per cent) of the respondents said the auditor communicated a great deal or a fair amount with them regarding the timeliness of the audit due to the impact of the pandemic. More than three quarters (76 per cent) of finance directors felt the auditors communicated with them a great deal or a fair amount regarding disclosures and 78 per cent felt the same regarding going concerns. Four fifths (84 per cent) of finance directors responded that they felt their auditors communicated a great deal or a fair amount about how the pandemic would impact audit work on valuations. Table 15 shows the per cent of respondents that felt a great deal or a fair amount broken down by auditor.

Table 14: How much did the auditors communicate the impact of the pandemic on your audit specifically regarding these areas? (Finance directors)

Statements	A great deal or a fair amount	A great deal	A fair amount	Not very much	None at all	Don't know
	%	%	%	%	%	%
A shift to a remote rather than a face-to-face approach	82	26	56	17	1	1
Timeliness	60	13	47	33	6	1
Disclosures	76	19	57	19	2	3
Going concern	78	28	50	18	3	2
Valuations	85	28	56	14	2	2

Base: all finance director respondents (198 for Rows 1 and 2, 197 for Row 3, 198 for Row 4 and 197 for Row 5)

Table 15: How much did the auditors communicate the impact of the pandemic on your audit specifically regarding? Percentage and (number) selecting “strongly agree” or “tend to agree” by auditor from finance directors survey.

Statements	BDO	Deloitte	Ernst & Young	Grant Thornton	Mazars
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
A shift to a remote rather than a face-to-face approach	100 (10)	50 (3)	78 (61)	83 (60)	88 (28)
Timeliness	60 (6)	50 (3)	50 (39)	64 (46)	81 (26)
Disclosures	50 (5)	67 (4)	77 (60)	75 (53)	88 (28)
Going concern	50 (5)	50 (3)	82 (64)	71 (51)	94 (30)
Valuations	80 (8)	83 (5)	78 (60)	83 (59)	97 (31)

Base: all finance director respondents: Row 1, 2 and 4 - BDO (10), Deloitte (6), Ernst & Young (78), Grant Thornton (72) and Mazars (32). Row 3 - BDO (10), Deloitte (6), Ernst & Young (78), Grant Thornton (71) and Mazars (32). Row 5 - BDO (10), Deloitte (6), Ernst & Young (77), Grant Thornton (71) and Mazars (32).

Some comments can be seen below:

“2019-20 was a particularly challenging year on both sides, the extra timeline meant that some technical issues were revisited multiple times causing more work. The extra work around PPE was significant and more reliance should be placed on expert valuers who are the professionals in their field. The additional work around estimation, uncertainty and critical judgements seems to vary between auditors and there are elements of subjectivity causing variation across different clients for the relevant disclosure notes. A more consistent, prescribed approach would be useful. The technical complexity of Collection Fund accounting was also a challenging area. There was a disappointing reluctance to sign off the accounts as originally agreed in September due to national emerging issues.”

Skills and tools of the audit team

Finance directors were asked the extent to which they agreed with a set of statements relating to the skills and tools of the audit team. A little less than half (47 per cent) of finance directors said they strongly agreed or tended to agree that technical experts brought in provided the required level of skills and experience to facilitate the audit. More than three-fifths (66 per cent) strongly agreed or tended to agree that the auditor could be approached to act as a sounding board when required, see Figure 6. This has dropped slightly compared to how finance directors responded last year.

Table 16: How much do you agree or disagree with the following statements in relation to the skills and tools of the audit team? (Finance directors)

Statements	Strongly agree or tend to agree	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
	%	%	%	%	%	%	%
Technical experts brought in provided the required level of skills and experience to facilitate the audit	47	10	37	21	18	8	6
The auditor could be approached to act as a sounding board when required.	66	20	46	14	16	4	1

Base: all finance director respondents (197)

Figure 6: How much do you agree or disagree with the following statements in relation to the skills and tools of the audit team? (Finance directors)

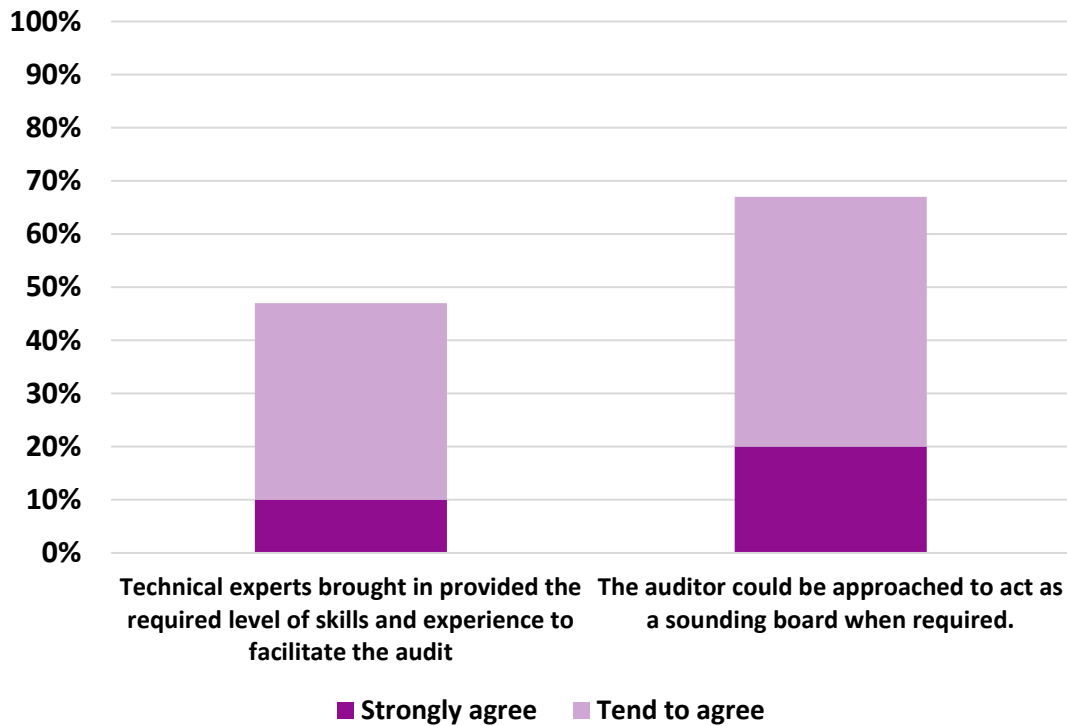


Table 17: How much do you agree or disagree with the following statements in relation to the skills and tools of the audit team? (Finance directors)
Percentage and (number) selecting “strongly agree” or “tend to agree” by auditor

Statements	BDO	Deloitte	Ernst & Young	Grant Thornton	Mazars
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
Technical experts brought in provided the required level of skills and experience to facilitate the audit	30 (3)	67 (4)	41 (32)	49 (35)	61 (19)
The auditor could be approached to act as a sounding board when required.	60 (6)	83 (5)	58 (45)	67 (48)	81 (25)

Base: all finance director respondents: Row 1 and 2- BDO (10), Deloitte (6), Ernst & Young (78), Grant Thornton (72) and Mazars (31).

Finance directors and audit committee chairs were asked if the audit committee met privately with the auditors without officers present, for example during any pre-committee meetings. The majority of finance directors (85 per cent) and audit committee chairs (80 per cent) said the audit committee did not meet in private with the auditors without officers present.

Table 18: Did the audit committee meet privately with the auditors without officers present, for example during any pre-committee meetings?

Response	Finance Directors	Audit committee chairs
	%	%
Yes	15	20
No	85	80

Base: all finance director respondents (177) and all audit committee chair respondents (112)

Table 19: Did the audit committee meet privately with the auditors without officers present, for example during any pre-committee meetings? Percentage and (number) selecting “yes” or “no” by auditor

Statements	Finance Directors (per cent)		Audit committee chairs (per cent)	
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
	Yes	No	Yes	No
BDO	10 (1)	90 (9)	40 (2)	60 (3)
Deloitte	0 (0)	100 (5)	25 (2)	75 (6)
Ernst & Young	13 (9)	87 (62)	23 (10)	77 (33)
Grant Thornton	18 (11)	82 (51)	16 (6)	84 (32)
Mazars	17 (5)	83 (24)	11 (2)	89 (16)

Base: all finance director respondents - BDO (10), Deloitte (5), Ernst & Young (71), Grant Thornton (62) and Mazars (29).

All audit committee chair respondents - BDO (5), Deloitte (8), Ernst & Young (43), Grant Thornton (38) and Mazars (18)

Respondents were asked how satisfied they were with the auditor’s performance in the audit committee meetings (and during any pre-committee meetings if these took place). More than 80 per cent of finance directors (82 per cent) audit committee chairs (81 per cent) said they were either very satisfied or fairly satisfied with the auditor’s performance, this is shown in Figures 7 and 8. Table 21 shows the per cent of respondents that said they were either very satisfied or fairly satisfied broken down by auditor.

Table 20: How satisfied were you with your auditor's performance in the audit committee meetings (and in any pre-committee meetings with the auditors, if these took place)?

Response	Finance Directors	Audit committee chairs
	%	%
Very satisfied or fairly satisfied	82	81
Very satisfied	38	45
Fairly satisfied	44	36
Neither satisfied nor dissatisfied	11	7
Fairly dissatisfied	6	7
Very dissatisfied	1	5

Base: all finance director respondents (194) and all audit committee chair respondents (111)

Figure 7: How satisfied were you with your auditor's performance in the audit committee meetings (and in any pre-committee meetings with the auditors, if these took place)? (Finance directors)

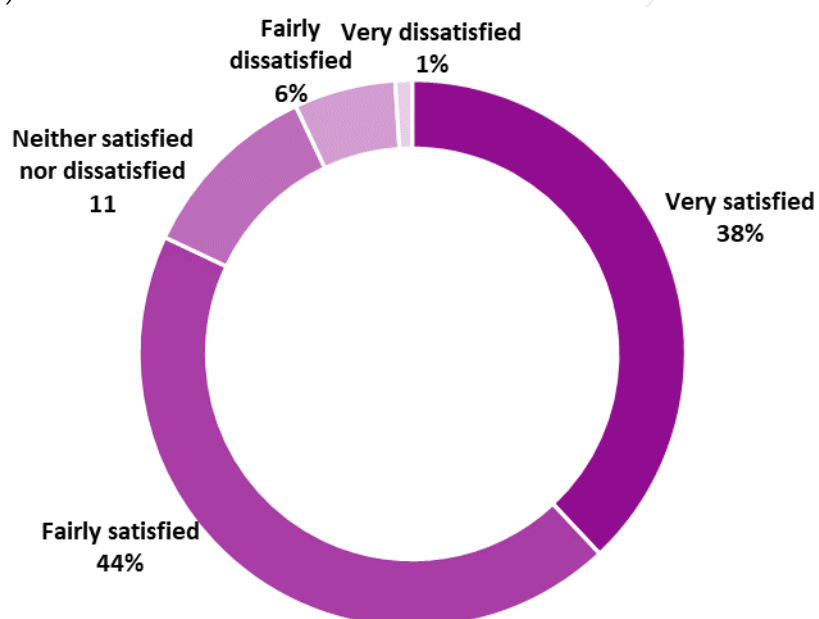


Figure 8: How satisfied were you with your auditor's performance in the audit committee meetings (and in any pre-committee meetings with the auditors, if these took place)? (Audit committee chairs)

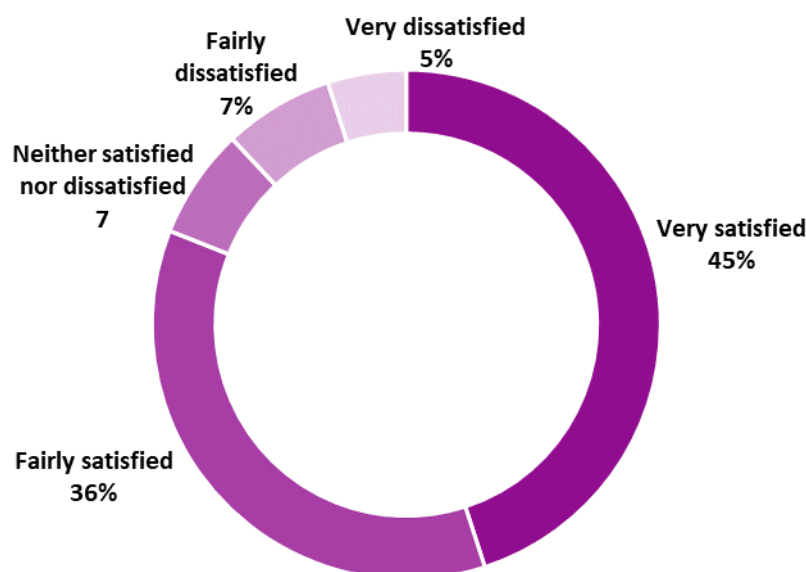


Table 21: How satisfied were you with your auditor's performance in the audit committee meetings (and in any pre-committee meetings with the auditors, if these took place)? Percentage and (number) selecting “very satisfied” or “fairly satisfied” by auditor

Statements	Finance Directors	Audit committee chairs
	% (Nos.)	% (Nos.)
BDO	70 (7)	75 (3)
Deloitte	80 (4)	86 (6)
Ernst & Young	76 (58)	77 (33)
Grant Thornton	87 (62)	85 (33)
Mazars	88 (28)	83 (15)

Base: all finance director respondents: BDO (10), Deloitte (5), Ernst & Young (76), Grant Thornton (71) and Mazars (32). All audit committee chair respondents: BDO (4), Deloitte (7), Ernst & Young (43), Grant Thornton (39) and Mazars (18).

Efficiency and effectiveness of the audit team

Finance directors were asked how satisfied they were with the competence of the audit team. More than four-fifths (82 per cent) of respondents said they were either very satisfied or fairly satisfied with the competence of the partner from the auditor. More than three-quarters (77 per cent) of finance directors were either very satisfied or fairly satisfied with the competence of the manager/team leader. A little less than six out of 10 (58 per cent) of respondents were very satisfied or fairly satisfied with the audit team

members. Forty-three per cent of respondents were neither satisfied or dissatisfied with the central team and two-fifths (41 per cent) of finance were very satisfied or fairly satisfied with the competence of the experts in the audit team, see Figure 8. Table 23 shows this information broken down by auditor.

Table 22: How satisfied or dissatisfied were you with the competence of the following members of the audit team? (Finance directors)						
Statements	Very satisfied or fairly satisfied	Very satisfied	Fairly satisfied	Neither satisfied nor dissatisfied	Fairly dissatisfied	Very dissatisfied
	%	%	%	%	%	%
Partner	82	45	37	11	5	2
Manager / team leader	77	40	37	9	12	3
Audit team members	58	16	42	21	17	4
Central team	39	9	30	43	10	8
Experts	41	11	30	35	15	9

Base: all finance director respondents (187 for Row 1, 197 for Row 2, 185 for Row 3, 127 for Row 4 and 142 for Row 5)

Figure 8: Very or fairly satisfied with the competence of the following members of the audit team (Finance directors)



Table 23: How satisfied or dissatisfied were you with the competence of the following members of the audit team?)? Percentage and (number) selecting “very satisfied” or “fairly satisfied” by auditor

Statements	BDO	Deloitte	Ernst & Young	Grant Thornton	Mazars
	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)	% (Nos.)
Partner	78 (7)	80 (4)	81 (61)	86 (59)	79 (23)
Manager / team leader	80 (8)	50 (3)	72 (56)	83 (59)	75 (24)
Audit team members	63 (5)	17 (1)	52 (39)	61 (40)	77 (23)
Central team	0 (0)	25 (1)	32 (18)	38 (16)	74 (14)
Experts	0 (0)	50 (3)	33 (21)	42 (19)	67 (14)

Base: all finance director respondents: Row 1 - BDO (9), Deloitte (5), Ernst & Young (75), Grant Thornton (69) and Mazars (29). Row 2 - BDO (10), Deloitte (6), Ernst & Young (78), Grant Thornton (71) and Mazars (32). Row 3 - BDO (8), Deloitte (6), Ernst & Young (75), Grant Thornton (66) and Mazars (30). Row 4 - BDO (6), Deloitte (4), Ernst & Young (56), Grant Thornton (42) and Mazars (19). Row 5 - BDO (6), Deloitte (6), Ernst & Young (64), Grant Thornton (45) and Mazars (21).

Some comments about the audit team can be seen below:

“Audit staff need to be coached and trained in Local Government. The staff kept swapping and changing so things had to be explained 3 or 4 times to different people. The partner is fine but the manager is unreliable and the staff below really needed support from the manager and didn't get it.”

“The auditor clearly struggled with recruitment and retention of appropriately qualified and experienced staff. Despite the extension to 30 November, the audit ran right up to the wire with many last minute enquiries need urgent resolution.”

“Very happy with the local audit team. Major problems with the central team, where technical experts appear to have no understanding of the context in which local government operates. Constant challenge of asset values against national indices takes no account of local conditions and fundamentally, the assets are not for sale, so the value is (within reason) irrelevant anyway. Constant challenge to the concept of going concern when primary legislation would be needed for a council not to be a going concern. Also, our own particular council is very well placed financially, yet we had to endlessly justify our future survival. Again, central team lacking understanding of the context.

Fee Variations

Finance directors and audit committee chairs were asked how much they agreed or disagreed with a set of statements related to additional fees proposed by the auditor. More than of half (56 per cent) of finance directors respondents said that they strongly or tended to agree that where an additional fee was proposed, the auditor explained the reason for this, this has seen a slight decrease compared to last year in the percentage that strongly or tended to agree. Of audit committee chair respondents 69 per cent also strongly agreed or tended to agree with this. Table 24 shows two-fifths (41 per cent) of finance director respondents felt they strongly agreed or tend to agree that where an additional audit fee was proposed, this was reported to the Audit Committee in a timely manner (for example, at the audit planning stage), the overall percentage of those strongly or tend to agree is less that what was reported last year. Just under half (49 per cent) of audit committee chairs also shared this view, see Figures 9 and 10. These findings broken down by auditor can be seen in tables 26 and 27.

Table 24: How much do you agree or disagree with the following statements with regards to the fees? (Finance directors)						
Statements	Strongly agree or tend to agree	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all
	%	%	%	%	%	%
Where an additional fee was proposed, the audit team explained the reasons for this.	56	20	36	21	20	4
Where an additional audit fee was proposed, this was reported to the Audit Committee in a timely manner (for example, at the audit planning stage).	41	14	27	14	35	10

Base: all finance director respondents (184 for Row 1 and 182 for Row 2)

Table 25: How much do you agree or disagree with the following statements with regards to the fees? (Audit committee chairs)						
Statements	Strongly agree or tend to agree	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all
	%	%	%	%	%	%
Where an additional fee was proposed, the audit team explained the reasons for this.	69	26	43	21	8	3
Where an additional audit fee was proposed, this was reported to the Audit Committee in a timely manner (for example, at the audit planning stage).	59	19	40	13	19	9

Base: all audit committee chair respondents (106 for Row 1 and 105 for Row 2)

Figure 9: How much do you agree or disagree with the following statements with regards to the fees? (Finance directors)

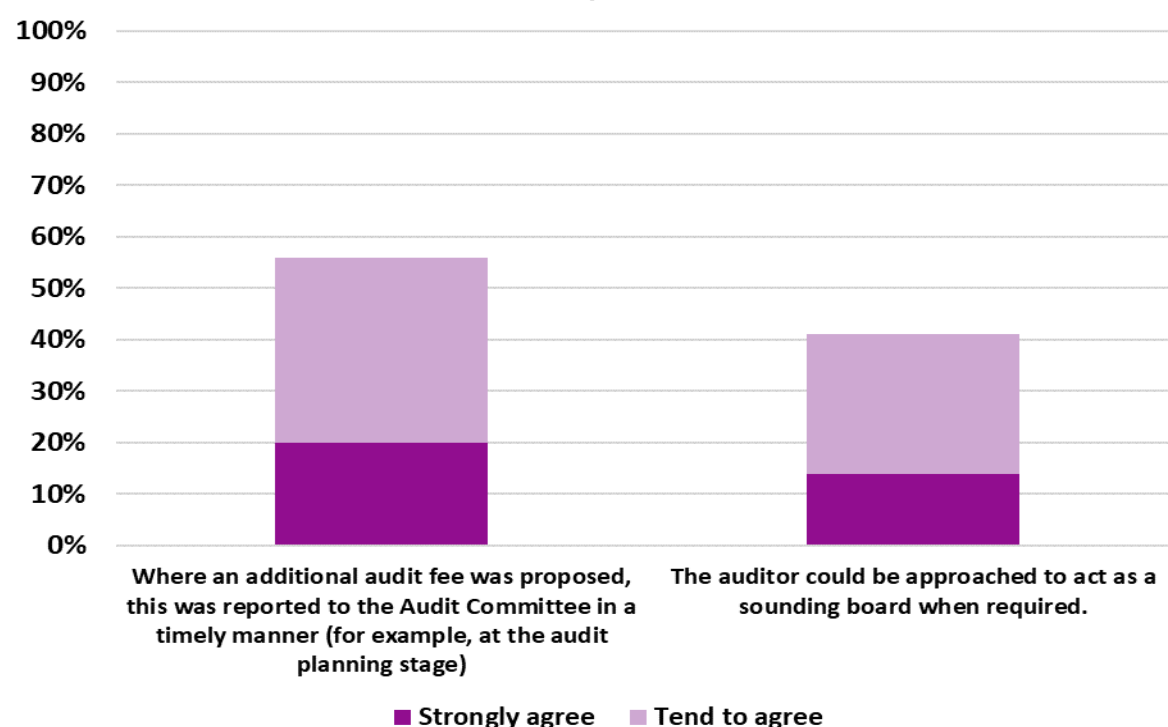


Figure 10: How much do you agree or disagree with the following statements with regards to the fees? (Finance directors)

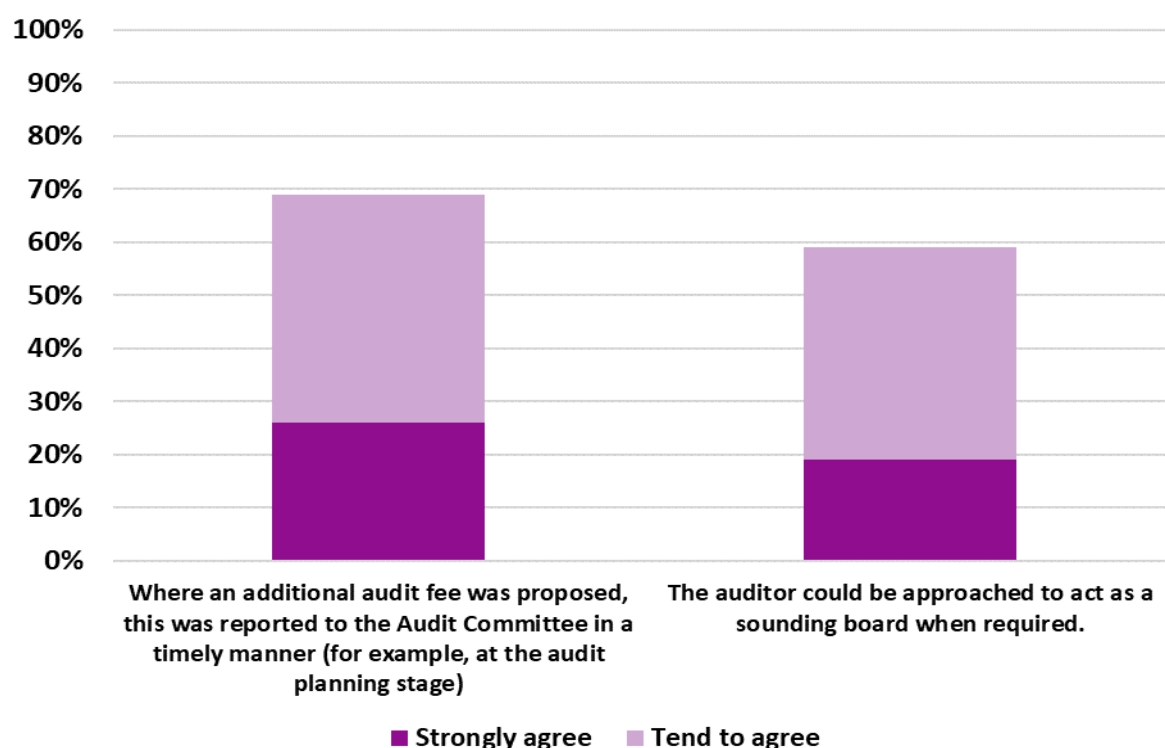


Table 26: Where an additional fee was proposed, the audit team explained the reasons for this. Percentage and (number) selecting “very satisfied” or “fairly satisfied” by auditor

Statements	Finance Directors	Audit committee chairs
	% (Nos.)	% (Nos.)
BDO	63 (5)	80 (4)
Deloitte	50 (2)	63 (5)
Ernst & Young	46 (33)	56 (22)
Grant Thornton	54 (39)	81 (30)
Mazars	83 (24)	71 (12)

Base: all finance director respondents: BDO (8), Deloitte (4), Ernst & Young (72), Grant Thornton (71) and Mazars (29). All audit committee chair respondents: BDO (5), Deloitte (8), Ernst & Young (39), Grant Thornton (37) and Mazars (17).

Table 27: Where an additional audit fee was proposed, this was reported to the Audit Committee in a timely manner (for example, at the audit planning stage). Percentage and (number) selecting “very satisfied” or “fairly satisfied” by auditor

Statements	Finance Directors	Audit committee chairs
	% (Nos.)	% (Nos.)
BDO	13 (1)	40 (2)
Deloitte	20 (1)	71 (5)
Ernst & Young	28 (20)	53 (21)
Grant Thornton	48 (33)	69 (25)
Mazars	51 (20)	53 (9)

Base: all finance director respondents: BDO (8), Deloitte (5), Ernst & Young (71), Grant Thornton (69) and Mazars (29). All audit committee chair respondents: BDO (5), Deloitte (7), Ernst & Young (40), Grant Thornton (36) and Mazars (17).

A few comments received were about fees, these can be seen below:

“Additional fees have caused some tension especially the late arrival of the final fee figure but I believe we have discussed and dealt with that in a constructive way and we hope put in place mechanisms to give the Committee fair warning of additional fees in future.”

“While the notification of fees was done in a timely manner, to date we don't know exactly what additional fees will be charged or for what work. I am disappointed that it appears they are going to charge extra for COVID difficulties.”

“Our external audit fees were roughly 3 times the original plan, and this came as a surprise at the end of the audit. I fully accept that the Authority's original financial statements were not to the required quality leading to more work for ourselves and the auditors and that this would mean additional cost. However, at no point in the audit did the Audit Manager indicate the scale of the additional work and fee that was building. Had I known earlier on in the audit, I would have adopted a different approach to my team's engagement with audit to minimise cost. The additional fees were only indicated towards the very end of the audit and only on my specific request.

Adding value

Finance directors and audit committee chairs were asked how useful the audit and its reported outcomes were in adding value and delivering improvements. Just under three fifths (58 per cent) of finance directors felt it was either not very or not at all useful. However, audit committee chairs felt differently, a little under three quarters (72 per cent) of them felt it was either very or fairly useful, see Figures 11 and 12. Findings from the audit committee survey showed, across all auditors more than 50 per cent felt it was very or fairly useful.

Table 28: How useful was the audit and its reported outcomes in adding value and delivering improvements?

Response	Finance Directors	Audit committee chairs
	%	%
Very useful or fairly useful	39	72
Very useful	4	33
Fairly useful	35	39
Not very useful	39	15
Not at all useful	19	8
Don't know	5	5

Base: all finance director respondents (197) and all audit committee chair respondents (113)

Figure 11: How useful was the audit and its reported outcomes in adding value and delivering improvements? (Finance directors)

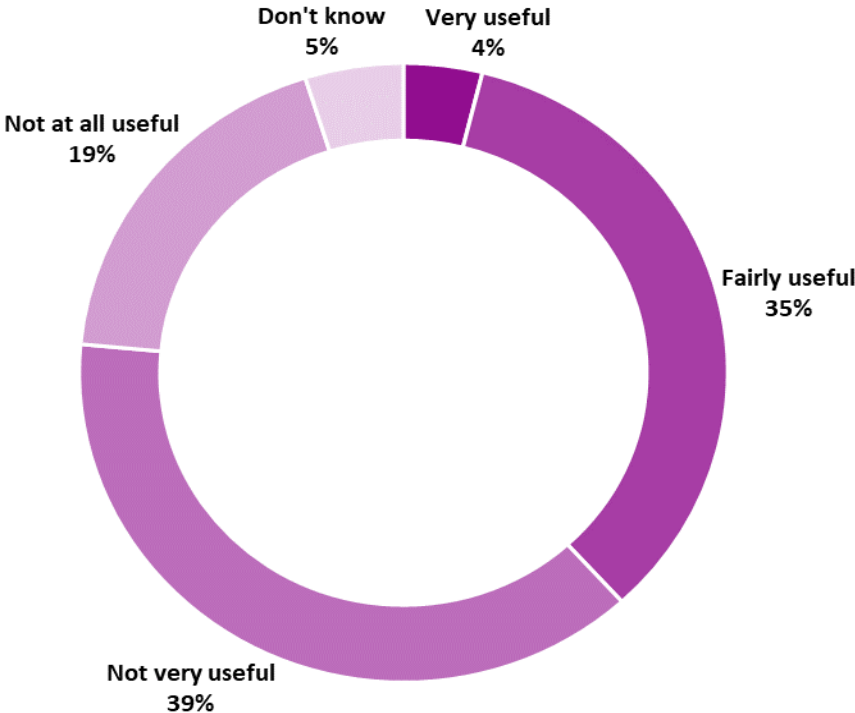


Figure 12: How useful was the audit and its reported outcomes in adding value and delivering improvements? (Audit committee chairs)

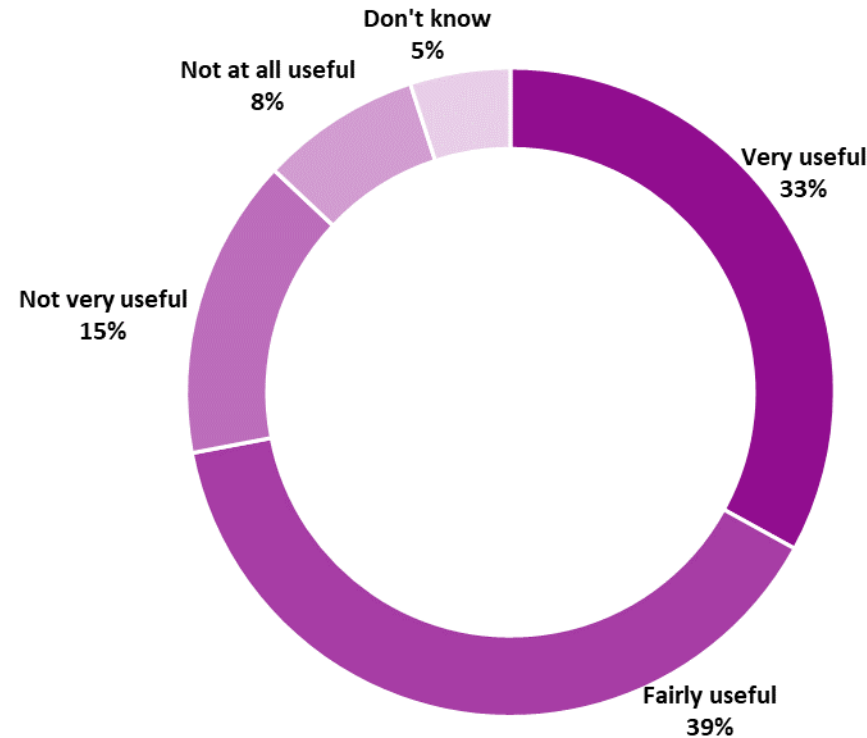


Table 29: How useful was the audit and its reported outcomes in adding value and delivering improvements? Numbers selecting “very satisfied” or “fairly satisfied” by auditor

Statements	Finance Directors	Audit committee chairs
	Nos.	Nos.
BDO	44 (4)	60 (3)
Deloitte	17 (1)	63 (5)
Ernst & Young	21 (16)	58 (25)
Grant Thornton	50 (36)	82 (32)
Mazars	63 (20)	89 (16)

Base: all finance director respondents: BDO (9), Deloitte (6), Ernst & Young (78), Grant Thornton (72) and Mazars (32). All audit committee chair respondents: BDO (5), Deloitte (8), Ernst & Young (43), Grant Thornton (39) and Mazars (18).

Those finance directors and audit committee chairs that felt the audit and its reported outcomes was either not very useful or not at all useful in adding value and delivering improvements were asked what could have been done differently to make the audit of more value to the organisation. The finance directors survey received 90 comments and a summary of the key themes is provided below:

- Audit focus:** Half of the finance directors that responded to this question said there needed to more focus on the audit. For example:

“There needs to be a shift of focus from areas of audit that do not impact on local authority resources (e.g. PPE valuations, Pension Fund). There is far too much time devoted on audit and inspection of these areas drawing significant time resource on authority employees.”

“The statutory audit is driven by the accounting standards with which we must comply and by the regulatory regime in which auditors work. Both are designed for corporate entities and are totally inappropriate for local authorities. In particular, there is far too much focus on asset valuation. The audit would have much more value if it was not driven in this direction.”

“The structure of the audit contract, the fee paid and the requirements of FRC means that the audit focuses on the technical areas where judgements are made. Additional costs are incurred to appoint valuers to assess the opinions of other valuers for example which adds limited value to the understanding of a local authorities accounts or financial position. There is insufficient time to assess value for money, resilience and other balance sheet risks that would make the audit more meaningful. This is not a criticism of the external auditors but the system that they operate in.”
- Resourcing:** A third of the finance director respondents felt resourcing was an issue that needed to be addressed. Some comments are

below:

“The time taken to undertake the audit has meant that finance team resource was taken up answering queries until sign off in mid-December due to resourcing issues within the auditor. This means resource was not available to direct towards financial planning for the coming year.”

“The Auditors could have concentrated their into a defined time period, rather than let the audit drag out. Requests were made for information and responded to and then several weeks could elapse before follow up queries were received.”

- **Regime:** Seventeen per cent of finance directors felt changes to local audit were needed. Some comments below:

“It is difficult for an audit to add value given its role is to check historic information. Perhaps the auditors could share best practice they have encountered at other organisations so we as a sector can improve the quality of the support we provide to help the audit process.”

“More timely but accept that difficult for it to add value due to the degree of disjoin between management and statutory accounts that has been created over the last 30 years. Public sector statutory accounts have very little value now.”

“Better planning, less internal auditor box ticking creating work, timely completion, more collaborative, more flexible approach, not scratching round to find areas where additional fees can be charged”

The audit committee chairs survey received 33 comments, the key themes highlighted were: timeliness, methodology, communications, consistency, resourcing and regime. Some comments on what improvements they thought could be made are shown below:

“Any required amendments to be notified to the Council in reasonable time; the external audit planning process should be improved, which would help ensure any amendments are notified in a timely manner; and improvements should be made to the liaison arrangements between the external auditor and the client.”

“More timely, the reasons for delay were linked to the delay at the pension authority but there was other work outstanding that could have been completed earlier. The audit didn’t find anything which is reassuring but so late after the year end that its value is very limited.” This is about accountability to the public. Delays reduce the accountability (which I admit is not strong in terms of people taking an interest). The accounts are not understandable by a lay member of the public and spending time on refining entries e.g. for pension valuations seems like a waste of time with no return.

Additional comments

Finance directors and audit committee chairs were asked if they had any additional comments. The finance directors survey received 109 comments and a summary of the key themes is provided below:

- **Resourcing:** More than a quarter of finance director respondents added a comment about resourcing. See comments below:

“Although the audit fieldwork was carried out in Summer 2020, the audit report was not signed until 30 November. This meant that during the Autumn finance staff and management spent a lot of time on the audit which would have been much more effectively deployed elsewhere.

“The audit was carried out and completed in the main by September but delayed and last minute questions meant it wasn't completed and signed off until November 2020. For 2020/21, it has been recognised that better planning and focussed management of the audit team will improve the delivery of the audit.”

- **Costs:** A little less than a quarter of comments from finance directors were regarding costs of the audit. See comments below:

“The additional cost was a significant increase on the base position and did not seem justified in comparison to the work undertaken. we submitted our accounts in June and the audit was not complete until the day before the Audit committee meeting.”

“The auditor has seen Covid as an inefficiency to charge higher fees rather than embracing agile working as a more efficient way of undertaking work remotely. Despite being a small district council, our accounts were ready for audit by the end of May despite COVID, we do not need or desire a protracted end of year timetable.”

“Our problems have been use of excessive sampling rather than reliance on system audit. Multiple requests for the same information. Lack of consistency of staff. Did not link risk factors to the time of the audit - e.g. fixed assets were left until last despite the information being provided very early on in the process.

- **Regime:** One fifth of finance directors left a comment about the regime of the audit process. See comments below:

“Change is needed and its needed now.”

“The audit was extremely rigorous in 2019/20 and more protracted than in previous years as a result of the pandemic, which put considerable strain on the finance team. I have concerns that further requirements, such as a more in depth value for money audit will further exacerbate the capacity problem for both auditors and auditees at a time when the whole system is stretched.”

“Just feel that missing the deadline seems to have become acceptable so whereas previously pragmatism will have taken over, we are now faced with the slight whiff of uncertainty resulting in not getting the accounts signed off in time. Very disappointing.”

“With more Council's signalling they are close to S114 notices the external auditor should take a more proactive role in assessing financial viability and challenge. The problem is they have all competed on cost and they don't appear to have the capacity to carry out this work now.”

“The whole concept of a scale fee now seems to be broken. I spend more time arguing about fee increases than any other aspect of the audit. The focus on going concern in the context of local government is a baffling waste of time.”

“Concern about duplication, cost and disproportionate 'backside covering' emerging. Second experts doing PPE valuations is a waste of time and money. Hoping FRC pressure doesn't load councils with wasted activity which detracts capacity from strategic financial management.”

The audit committee chairs survey received 65 comments, the key themes highlighted were:

- **Regime:** A little under two fifths of audit committee chairs left a comment about the regime of the audit process. See comments below:

“I found the approach to value-for-money very bizarre and pushed the council in a less prudent direction.”

“There is a serious disconnect between the Audit process and the requirements Councils have. It needs to be timely and provide a full assessment of the Council capacity in terms of plans and management capability to meet future challenges.”

“Still not convinced that additional fees should be charged following a

competitive tendering exercise. However, reassurance is taken from the PSAA reviewing the validity of the additional fees proposed.”

“I have been extremely disappointed by the PSAA's approach to auditors not delivering in accordance with their contract and felt helpless to change this. I believe we are striving for spurious accuracy. Auditors seem to be engaging their own professionals (e.g. for valuations) rather than taking the view of professional valuers working for the organisation.”

Appendix A: Survey questionnaire – Finance directors

PSAA Audit Feedback Survey 2020 - Finance Directors

Public Sector Audit Appointments (PSAA) monitors the performance of the auditors it has appointed to undertake audits under the Local Audit and Accountability Act 2014. The results of our monitoring provide audited bodies and other stakeholders with information on the quality of audit services being provided and helps to identify areas for improvement.

In order to inform this monitoring process, it is vital that PSAA understand the views of the bodies it appoints the auditors for, establishing how useful the audit process and outputs are and considering how auditors can improve in this regard.

The results of our first survey were published in May 2020. Information on the survey and the report can be found on our website at: [Annual Client Surveys from 2018/19 – PSAA](#). The results were discussed with the auditors, enabling them to use the feedback to improve the quality of audit services provided.

All audit work is carried out in accordance with the NAO's Code of Audit Practice: [Code of Audit Practice - Code of Audit Practice \(nao.org.uk\)](#). The Code requires auditors to consider more than the financial statements as part of their work – in particular, auditors consider and report on the organisation's value for money arrangements.

With all that in mind, and recognising the significant demands on your time, we are inviting you to take part in our survey about your view and experiences of your organisation's 2019/20 audit. This year we have shortened the survey, which should take no longer than 10 minutes to complete.

In order to provide you with the opportunity to be as open and frank as possible, PSAA has asked the LGA to administer the survey. This will enable your responses to be made anonymous. We do however ask you to provide the name of your external auditor and type of authority so that we can identify sector and audit supplier trends.

In the survey the word 'auditor' covers the firm and the audit partner. 'Audit Committee' is used to refer to the committee that the auditor reports to.

If you stop before completing the survey, you can come back to this page using the link supplied in the email and you will be able to continue where you left off. To ensure your answers have been saved, click on the 'next' button at

the bottom of the page that you were working on before exiting.

All responses will be treated confidentially. Information will be aggregated, and no individual or authority will be identified in any publications without your consent. Identifiable information may be used internally within the LGA and PSAA but will only be held and processed in accordance with our privacy statement. We are undertaking this survey to aid the legitimate interests of the LGA in supporting and representing authorities.

If you would like to see an overview of the questions before completing the survey online, you can access a PDF here: [insert link]

If you have any queries about completing the survey please contact the LGA Research and Information Team at Research@local.gov.uk.

Please complete the survey at your earliest convenience and no later than **Friday 12 March 2021**.

If you wish to make any comments or raise matters directly with PSAA outside of the survey process, please contact PSAA by email at generalenquiries@psaa.co.uk.

Q4 Please amend the details we have on record if necessary.

- ☐ Name _____
- ☐ Authority _____
- ☐ Job title _____
- ☐ Email address _____

Q4 1. To what extent did the audit service provided to your council meet your expectations as set out in its audit planning documentation and method statement, allowing for the impact of the pandemic?

- ☐ To a great extent
- ☐ To a moderate extent
- ☐ To a small extent
- ☐ Not at all
- ☐ Don't know

Q5 2. Was your audit completed by 30 November 2020?

- ☐ Yes
- ☐ No
- ☐ Don't know

Skip To: End of Block If 2. Was your audit completed by 30 November 2020? = Yes

Skip To: End of Block If 2. Was your audit completed by 30 November 2020? = Don't know

Q6 3. Why was the audit not completed by this time?

Please select all that apply.

- ☐ Complexities in the council's financial situation
- ☐ Resourcing issues within finance team
- ☐ Resourcing issues on the part of the audit firm
- ☐ Resolving issues raised during the audit
- ☐ Other reasons (please specify)
- ☒ Don't know

Display This Question:

If 2. Was your audit completed by 30 November 2020? = No

Q7 4. How much do you agree or disagree with the following statements in relation to the audit being delayed beyond 30 November 2020?

	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all	Don't know
The need to delay the audit beyond 30 November was communicated on a timely basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The underlying reason for the need to delay the audit opinion was communicated on a timely basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The auditor made arrangements to minimise disruption to the council	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8 5. To what extent do you agree or disagree with the following statements in relation to efficiency and effectiveness of the audit?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
Communications were frequent throughout the audit process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communications were provided to ensure that no surprises occurred throughout the audit process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The audit team worked effectively with council officers to deliver a remote audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q9 6. How much did the auditors communicate the impact of the pandemic on your audit specifically regarding?

	A great deal	A fair amount	Not very much	None at all	Don't know
A shift to a remote rather than a face-to-face approach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Timeliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disclosures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Going concern	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valuations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11 7. How much do you agree or disagree with the following statements in relation to the skills and tools of the audit team?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
Technical experts brought in provided the required level of skills and experience to facilitate the audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The auditor could be approached to act as a sounding board when required.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q13 8. Did the audit committee meet privately with the auditors without officers present, for example during any pre-committee meetings?

- ☐ Yes
- ☐ No
- ☐ Don't know

Q14 9. How satisfied were you with your auditor's performance in the audit committee meetings (and in any pre-committee meetings with the auditors, if these took place)?

- ☐ Very satisfied
- ☐ Fairly satisfied
- ☐ Neither satisfied nor dissatisfied
- ☐ Fairly dissatisfied
- ☐ Very dissatisfied
- ☐ Don't know

Q15 10. How satisfied or dissatisfied were you with the competence of the following members of the audit team?

	Very satisfie d	Fairly satisfie d	Neither satisfied nor dissatisfie d	Fairly dissatisfie d	Very dissatisfie d	Don' t kno w
Partner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Manager / team leader	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Audit team member s	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Central team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Experts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16 11. How much do you agree or disagree with the following statements with regards to the fees?

	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all	Don't know
Where an additional fee was proposed, the audit team explained the reasons for this.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Where an additional audit fee was proposed, this was reported to the Audit Committee in a timely manner (for example, at the audit planning stage).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q17 12. How useful was the audit and its reported outcomes in adding value and delivering improvements?

- ☐ Very useful
- ☐ Fairly useful
- ☐ Not very useful
- ☐ Not at all useful
- ☐ Don't know

Display This Question:

If 12. How useful was the audit and its reported outcomes in adding value and delivering improvements? = Not very useful

Or 12. How useful was the audit and its reported outcomes in adding value and delivering improvements? = Not at all useful

Q18 13. What could have been done differently to make the audit of more value to the organisation?

Q19 14. Are there any additional comments you would like to make?

Q5

Once you press the 'Submit' button below, you will have completed the survey.

Many thanks for taking the time to complete this survey. You are in control of any personal data that you have provided to us in your response. You can contact us at all times to have your information changed or deleted. You can find our full privacy policy here: [click here to see our privacy policy](#)

Appendix B: Survey questionnaire – Audit committee chairs

PSAA Audit Feedback Survey 2020 - Audit committee chairs

PSAA Audit Feedback Survey 2020 - Audit committee chairs

Public Sector Audit Appointments (PSAA) monitors the performance of the audit firms it has appointed to undertake audits under the Local Audit and Accountability Act 2014. The results of our monitoring provide audited bodies and other stakeholders with information on the quality of audit services being provided and helps to identify areas for improvement.

In order to inform this monitoring process, it is vital that PSAA understand the views of the bodies it appoints the auditors for, establishing how useful the audit process and outputs are and considering how auditors can improve in this regard.

The results of our first survey were published in May 2020. Information on the survey and the report can be found on our website at: [Annual Client Surveys from 2018/19 – PSAA](#) The results were discussed with the audit firms, enabling them to use the feedback to improve the quality of audit services provided.

All audit work is carried out in accordance with the NAO's Code of Audit Practice: [Code of Audit Practice - Code of Audit Practice \(nao.org.uk\)](#). The Code requires auditors to consider more than the financial statements as part of their work – in particular, auditors consider and report on the organisation's value for money arrangements.

With all that in mind, and recognising the significant demands on your time, we are inviting you to take part in our survey about your view and experiences of your organisation's 2019/20 audit. This year we have shortened the survey, which should take no longer than 10 minutes to complete.

In order to provide you with the opportunity to be as open and frank as possible, PSAA has asked the LGA to administer the survey. This will enable your responses to be made anonymous. We do however ask you to provide the name of your external audit firm and type of authority so that we can identify sector and audit supplier trends.

In the survey the word 'auditor' covers the firm and the audit partner. 'Audit

Committee' is used to refer to the committee that the auditor reports to.

If you stop before completing the survey, you can come back to this page using the link supplied in the email and you will be able to continue where you left off. To ensure your answers have been saved, click on the 'next' button at the bottom of the page that you were working on before exiting.

Please note that some of the questions asked in the parallel survey of directors of finance are not asked in this survey because they are not relevant. This means that some question numbers have been omitted.

All responses will be treated confidentially. Information will be aggregated, and no individual or authority will be identified in any publications without your consent. Identifiable information may be used internally within the LGA and PSAA but will only be held and processed in accordance with our privacy statement. We are undertaking this survey to aid the legitimate interests of the LGA in supporting and representing authorities.

If you would like to see an overview of the questions before completing the survey online, you can access a PDF here: [insert link]

If you have any queries about completing the survey please contact the LGA Research and Information Team at Research@local.gov.uk.

Please complete the survey at your earliest convenience and no later than **Friday 12 March 2021**.

If you wish to make any comments or raise matters directly with PSAA outside of the survey process, please contact PSAA by email at generalenquiries@psaa.co.uk.

Q4 Please amend the details we have on record if necessary.

- ☐ Name _____
- ☐ Authority _____
- ☐ Email address _____

Q4 1. To what extent did the audit service provided to your council meet your expectations as set out in its audit planning documentation and method statement, allowing for the impact of the pandemic?

- ☐ To a great extent
- ☐ To a moderate extent
- ☐ To a small extent
- ☐ Not at all
- ☐ Don't know

Q5 2. Was your audit completed by 30 November 2020?

- ☐ Yes
- ☐ No
- ☐ Don't know

Skip To: End of Block If 2. Was your audit completed by 30 November 2020? = Yes

Skip To: End of Block If 2. Was your audit completed by 30 November 2020? = Don't know

Q6 3. Why was the audit not completed by this time?

Please select all that apply.

- ☐ Complexities in the council's financial situation
- ☐ Resourcing issues within finance team
- ☐ Resourcing issues on the part of the audit firm
- ☐ Resolving issues raised during the audit
- ☐ Other reasons (please specify)
- ☒ Don't know

Display This Question:

If 2. Was your audit completed by 30 November 2020? = No

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	Strongly agree	Tend to agree	A moderate amount	Tend to disagree	None at all	Don't know
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- ☐ Not at all useful
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Q19 14. Are there any additional comments you would like to make?

Q5

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