

# **Audit Quality Monitoring Report 2023**

**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 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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## Executive Summary

We present our Annual Quality Monitoring Report for 2023. This covers the work of local auditors appointed by PSAA for the 2021/22 and 2022/23 financial years and provides relevant related information.

The growing backlog of delayed audits has continued to overshadow local government audit throughout 2023. The background to the delays and potential solutions has been widely covered by the initial report of Sir Tony Redmond, reports by the National Audit Office, and the work and reports of the Public Accounts Committee and the Levelling Up, Housing and Communities Committee, together with Departmental and Ministerial Statements.

At the publishing date of 30 September 2023, five (1%) of local government bodies' 2022/23 audit opinions had been given. By 31 December 2023 this figure had risen to 45 (10%). In total the number of outstanding opinions at 31 December 2023 was 771.

The limited number of completed audits has reduced the information available to us and we have tailored this report accordingly. Notwithstanding this, the fact that there are still more than 750 delayed opinions is a serious concern for users of accounts and anyone with an interest in local government and local accountability.

Our report is grounded in the International Auditing and Assurance Standards Board (IAASB)'s Framework for Audit Quality. We have taken the attributes the IAASB expects to be present in a quality audit and distilled them into three tests, which we use to consider the quality of audits and auditors under our contracts:

- adherence to professional standards and guidance;
- compliance with contractual requirements; and
- effective relationship management.

### Adherence to professional standards and guidance

The results from a limited number of inspections of local audits are available. [The Financial Reporting Council \(FRC\) report](#) on the quality of Major Local Audits set out that the ten financial statement audits and the nine value for money arrangements reviews they inspected all met the required standard, being judged as either good or with only limited improvements required. Of these ten audits only four were local government. No information has been reported at a firm level, and no audit quality information had been published by the ICAEW.

The FRC report also provided details of good practice alongside the limited improvements identified, and highlighted the limited number of inspections that they were able to complete.

### Compliance with contractual requirements

Our biggest concern remains the timeliness of audit completion. For 2021/22, 56 (12%) opinions were given by the later publishing date of 30 November 2022, and for 2022/23 only 5 (1%) were given by the publishing date of 30 September 2023.

We also remain concerned at the time being taken to resolve objections raised by local electors. As of 31 December 2023, there were 30 objections unresolved within a nine-month time frame, including some unresolved for significantly longer periods.

There are no other significant contractual compliance matters to report.

## **Effective relationship management**

We surveyed all of our 2022/23 Finance Directors and Audit Committee Chairs to judge the effectiveness of relationships between bodies and their auditors. We received responses from 220 (47%) Finance Directors and 142 (30%) Audit Committee Chairs. It is clear from correspondence, and the information received from our client survey, that timeliness is considered by our clients as a key element of receiving a good quality audit service. As well as expressing their concerns about the very high levels of outstanding opinions, respondents also highlighted the additional workload that delayed audits placed on already stretched finance teams.

## **Overall**

Our report is published at the same time that DLUHC, FRC, NAO and CIPFA have started consultations on a number of interlinked proposals to address the backlog and prevent its recurrence. Tackling the issues and dealing with the current situation must be a priority for the whole local audit system and its participants.

Along with the backlog, the local audit market needs to be improved. The results of our 2022 procurement provided clear evidence that it remains highly fragile, with three of the UK's largest audit firms not submitting bids. There are a limited number of firms and individuals licensed to undertake local audit and not all of these are active in local government. We are encouraged to see new Key Audit Partners (KAPs) being added to the register but are conscious that the list is vulnerable to potential loss of experienced ones moving towards retirement.

## Introduction

1. This report summarises the results of the Quality Review Process (QRP) for 2021/22 engagements and related contractual monitoring. This is PSAA's fourth report under our appointing person responsibilities as set out in the Local Audit (Appointing Person) Regulations 2015 (the Regulations).
2. PSAA has a duty under the Regulation 7(b) to design and implement appropriate systems to:
  - oversee issues of independence; and
  - monitor compliance against contractual obligations.
3. [An overall summary of our approach](#) is provided on our website.

## PSAA approach to audit quality monitoring

4. Our approach is grounded in the International Auditing and Assurance Standards Board (IAASB)'s Framework for Audit Quality. This is widely regarded as a definitive statement on overall audit quality. We have taken the attributes the IAASB expects to be present in a quality audit and distilled them into three tests, which we use to consider the quality of audits and auditors under our contracts:
  - adherence to professional standards and guidance;
  - compliance with contractual requirements; and
  - effective relationship management.
5. Table 1 shows the main evidence sources that PSAA uses to monitor audit quality for the three tests to provide a rounded view of audit quality.

**Table 1: PSAA's audit quality monitoring**

PSAA test	Evidence source
Adherence to professional standards and guidance	Professional regulatory reports; and Firm transparency reports
Compliance with contractual requirements	Contract performance indicators Method statement monitoring
Effective relationship management	Satisfaction survey scores and feedback

*Source: PSAA*

6. The relationship between the IAASB framework and our audit quality monitoring arrangements is shown in Table 2 below. Audit quality formed a core part of the

evaluation of tenderers in our 2017 audit procurement, which commissioned the audit work covered by this review.

**Table 2: IAASB Framework elements**

Key element/PSAA test	Adherence to professional standards and guidance	Compliance with contractual requirements	Effective relationship management
<b>Inputs:</b>			
Values, ethics and attitude	Y	Y	Y
Knowledge, skills, experience and time	Y	Y	Y
<b>Process:</b>			
Audit process and quality control procedures	Y	Y	
<b>Outputs:</b>			
Auditors' reports	Y	Y	Y
Transparency reports	Y		
Professional regulators' reports	Y		
<b>Key interactions</b>	Y		Y

Source: PSAA

- Responsibility for providing audits of appropriate quality rests ultimately with an appointed auditor. However, audit quality, efficiency and effectiveness are a shared responsibility across appointed auditors and audit firms, PSAA as Appointing Person, chief finance officers (CFOs) and audit committees, regulatory and supervisory bodies, the Comptroller & Auditor General (C&AG) and the National Audit Office (NAO), and government, specifically DLUHC. The IAASB framework notes that all parts of the financial reporting supply chain have a role in contributing to and encouraging an audit environment that supports provision of an audit service of the expected quality.

## Adherence to Professional Standards and guidance

- Information on the firms' adherence to professional standards and guidance comes from the results of professional regulatory reviews completed by the Audit Quality Review team (AQR) for the Financial Reporting Council (FRC) and the Quality Assurance Department (QAD) for the Institute of Chartered Accountants in England and Wales (ICAEW), the Recognised Supervisory Body (RSB) for local audits in England. The

information which we are able to include in this report is much reduced from previous years as a consequence of the audit backlog.

9. The AQR inspects a sample of the largest local government and NHS audits. These are known as 'Major Local Audits' (MLAs) and are those bodies with income or expenditure above £500 million. The QAD reviews a sample of local audits that fall below this threshold. The inspections cover both financial statement and VFM arrangements work. The publicly reported results cover all local government bodies, including those which have not opted-in to the PSAA appointing person arrangements, as well as NHS bodies.
10. The regulatory reviews focus on identifying areas where improvements are required and individual ratings will reflect a wide range of factors, which may include size, complexity and risk of the individual audits selected for review. The FRC notes that because of this and the small non-statistically valid nature of the review sample, the inspection findings may not be representative of audit quality across a firm's entire major local audit portfolio and that they were unable to select local government audits for inspection based on risk. The FRC stated that its ability to inspect higher risk audits was severely restricted by the backlog and that most of these audits were incomplete, in some cases for several years. It follows therefore that the results are not expected to be representative of all audits undertaken in the local government and NHS sectors. However, our judgement is that normally we are able to use the general findings as reported to inform and support our contract monitoring arrangements.
11. On 8 December 2023, the FRC published its annual report on the [quality of major local audits](#) (FRC report). This contained the results of its audit quality inspections of engagements completed in 2022/23. The report highlighted that the FRC had significantly reduced its inspection programme because of the limited number of completed audits available to inspect. The backlog and reduction in the number of inspections had implications for the content and format of the FRC's report. Unlike previous years the FRC report only includes the results of its own inspections and no information from the ICAEW. Previously the report also contained information from the results of the firm's internal monitoring and those of the ICAEW's QAD inspections. The FRC report commented regarding the significant audit delays that 'Timeliness is an important part of audit quality'.

## Financial Statements

12. Auditors are required to give an opinion on whether the financial statements of an audited body give a true and fair view of its financial position and of its income and expenditure for the period then ended. They have other reporting responsibilities with respect to the preparation of the financial statements, the remuneration report and other information published with the financial statements.
13. The FRC performed 10 inspections in this cycle, comprised of six health and four local government audits. All audits inspected were judged as requiring no more than limited improvements.
14. Table 3 shows the results of this year's reported inspection reviews by AQR, together with those from the previous two years by AQR and QAD. As noted above the number of



inspections is much reduced from previous years and as a result it was not possible for the FRC to provide direct feedback at a firm level.

**Table 3: Financial statements – inspection review gradings**

Results of the reviews completed by review year.

Grading	Total 2022/23*	Total 2021/22*	Total 2020/21*
Good or Limited improvements required	10 100%	29 78%	29 78%
Improvements required	0 0%	4 11%	7 19%
Significant improvements required	0 0%	4 11%	1 3%

*\*sample could include NHS and other bodies not within the PSAA contract*

*Source: FRC audit quality inspection reports*

15. The AQR reported that limited audit improvements were required in the testing of expenditure with cut-off testing and the accuracy of the accruals process highlighted. No key findings were reported on auditors' work on operational property and pensions.
16. Good practice points were identified on professional scepticism and challenge and Key Audit Partner (KAP) oversight. The AQR also highlighted the use of detailed risk assessments to target audit testing at the higher risk elements within operational property valuations.
17. As part of their oversight of firms' quality control processes the FRC considers annually audit quality initiatives and the root cause analysis process. In 2023 they also looked at:
  - Compliance with the Ethical Standard;
  - Partner and staff recruitment, appraisals, remuneration and promotion;
  - Acceptance, continuance and resignation procedures; and
  - Audit methodology.
18. The sample testing performed included local auditors, for example in recruitment, appraisals, remuneration and promotion. The key findings and good practice identified are reported in each firm's [Audit Quality Inspection and Supervision Report](#) for 2023

which the FRC published in July. The FRC did not consider it necessary at this time to extend their work to cover matters specific to local audit.

19. From next year the FRC will conduct this monitoring against the control arrangements introduced by all audit firms to design and implement a system of quality management following the requirements of International Standard on Quality Management 1 (ISQM 1) by 15 December 2022. This has replaced the existing International Standard of Quality Control (ISQC 1). Our contract monitoring arrangements with firms include coverage of ISQM1 where relevant to local government audit work.

## Value for money arrangements

20. [The NAO's 2020 Code of Audit Practice](#) applies from 2020/21 onwards, and requires that auditors provide a commentary on bodies' VFM arrangements as part of an Auditor's Annual Report, rather than as previously a conclusion contained within the opinion on the financial statements.
21. Table 4 shows the results of this year's reported inspection reviews by AQR, together with those from the previous two years by AQR and QAD. As noted above the number of inspections is much reduced from previous years and no direct feedback at a firm level was published.
22. The AQR reported that in all cases, they assessed that the arrangements met the required standards, being judged as either good or limited improvements required.

**Table 4: VFM arrangements – inspection review gradings**

Results of the reviews completed by review year.

Grading	Total 2022/23*	Total 2021/22*	Total 2020/21*
Good or Limited improvements required	9	23	32
Improvements required	0	0	0
Significant improvements required	0	1	0

*\*sample could include NHS and other bodies not within the PSAA contract*

*Source: FRC audit quality inspection report*

23. The AQR reported that limited audit improvements were required at some audits in the risk assessment process. This needed to be performed in a timely manner, including arrangements for the governance of subsidiaries, and subject to updating as necessary for changes at the body concerned.
24. At another firm the FRC report highlighted the comprehensive nature of the risk assessment undertaken and the comprehensive and well-structured reporting and communications that supported the work.

## Transparency Reports

25. The FRC's Local Auditors (Transparency) Instrument 2015 requires firms that conduct major local audits to report annually on information specific to their local audit responsibilities and includes:
  - a statement on the effectiveness of the functioning of internal quality monitoring arrangements in relation to local audit work;
  - a description of independence procedures and practices, including a confirmation that an internal review of independence practices has been conducted;
  - a statement on the firm's policies and practices to ensure that KAPs continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level; and
  - confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained.
26. All of our suppliers published Transparency Reports that contained the required information. The reports also provided information on the results of regulatory reviews and the responses of firms to the matters raised. They are published on the firms' websites.
27. We noted that the Transparency Reports also provide information where firms had received 'unsatisfactory' reviews from the regulator, both in terms of the response to audits being judged as requiring significant improvement, or where the FRC had taken measures against the firm.

## Compliance with Contractual requirements

28. PSAA monitors firms' compliance with contractual requirements by considering a range of performance indicators, and also their compliance with agreed method statements as set out below.

### Contract performance indicators

29. During the year PSAA has reported publicly on firms' performance against targets of particular interest to opted-in bodies. This has included information on delivery of audit opinions and auditors' use of additional powers to issue Public Interest Reports and determine objections at audit bought by local electors.

30. The Code of Audit Practice from 2020/21 onwards includes the expectation that the audit report containing the opinion will be issued by the publishing date set out in the Accounts and Audit Regulations 2015 (or equivalent) wherever the auditor can do so under the auditing standards and the guidance issued by the NAO. However, the publishing date is not a statutory date, and currently there is no 'backstop' date by which auditors must issue an opinion (this is a matter on which the Government is currently consulting). Established practice in local government has been that if auditors are unable to issue an opinion at the publishing date, then they will continue their audit until they judge they are able to do so. Regulation 10(2) of the Accounts and Audit Regulations 2015 specifically provides for the circumstances where audited statements are not available before the specified publishing date, in that the body must publish a notice reporting the delay and the reasons for it.
31. The overall backlog of delayed audits continued to increase during 2023 whilst the sector worked on a solution that would remove the backlog, and also prevent its recurrence, returning to a position where a timely audit is the norm rather than the exception. The background to the delays and potential solutions has been widely covered by the initial report of Sir Tony Redmond, reports by the National Audit Office, and the work and Reports of the Public Accounts Committee and the Levelling Up, Housing and Communities Committee, together with Departmental and Ministerial Statements.
32. At the publishing date of 30 September 2023, five (1%) of local government bodies' 2022/23 audit opinions have been given. By 31 December 2023 this figure had risen to 45 (10%). In total the number of outstanding opinions at 31 December 2023 is 771. As referenced earlier consultations have commenced to tackle the backlog and prevent its recurrence.

## **Specific Powers and Duties of Auditors**

33. Auditors have specific powers and duties under the Local Audit and Accountability Act 2014 (the Act). These include considering whether:
  - to issue a public interest report concerning any matter that comes to their attention during the course of the audit which they judge should be considered by the audited body or brought to public attention;
  - an audited body should consider formally and respond in public to recommendations they are making (Schedule 7 of the Act); and
  - to apply to the court that an item of account is contrary to law.
34. The table below shows how auditors have used their specific powers in the period covered by this report.

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**Table 5: Use of auditors' specific powers**

Use of statutory powers by date of issue.

Period	Issued Public Interest Report under Sch 7 (1)	Made written recommendation under Sch 7 (2)
Year to October 2020	2	1
Year to October 2021	2	6
Year to October 2022	1	4
Year to October 2023	2	6
November to December 2023	0	2

*Source: PSAA*

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## Objections

35. Local electors have the right to raise formal objections with the auditor about the financial statements and other matters, a unique feature of local government audits.
36. It is widely recognised that not all cases can be resolved within nine months (the historical industry benchmark), for example, where objections are related to complex or difficult legal cases, or where a resolution is delayed because an auditor is reliant on others for responses.
37. However, the current shortage of experienced local auditors, which is particularly relevant for the exercise of an auditor's quasi-judicial powers, has likely impacted on the ability of firms to conclude on objections. At 31 December 2023 there were 30 objections unresolved within a nine-month time frame, including a number unresolved for significantly longer periods.
38. The 2020 Code of Audit Practice requires auditors to use best endeavours to complete their work on objections within six months including informing the objector and the body of their decision. We supported the 2020 Code of Practice's introduction of a requirement that where this is not possible, the auditor must provide the objectors and bodies with a progress update every three months until the objection is decided. This has been built into our contract monitoring arrangements for future audit years.

## Non-compliance with Terms of Appointment

39. There have been no significant areas of non-compliance with PSAA's Terms of Appointment (ToA) for the year ended 31 March 2023 (the period of work covered by this report). On one occasion a firm did not provide a copy of a statutory report to PSAA in advance of issue as required.

## Independence issues

40. We have no matters to report in respect of the year ended 31 March 2023 or the period to 31 December 2023.

## Non-audit services

41. Firms are able to provide certain non-audit services to audited bodies subject to the requirements of the FRC's Ethical Standard and the NAO's Auditor Guidance Note 1. Where the fee for such services exceeds the higher of £18,000 or 20% of the scale fee then the firm must seek PSAA's confirmation that undertaking such work will not compromise their independence as auditor. The requirement that local auditors provide a VFM arrangements commentary is relevant to this judgement. The number of requests made has significantly reduced from earlier years because of changes to the Ethical Standard.

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**Table 6: Non-audit service requests**

Number and value of non-audit service requests for the last five financial years.

Year	Number of requests approved for non-audit services	Total fee value of requests approved
2018/19	10	£336,773
2019/20	5	£203,550
2020/21	0	£0
2021/22	3	£185,500
2022/23	1	£56,500
To December 2023	1	£68,365

*Source: PSAA*

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42. We monitor how firms are operating their internal control systems for maintaining their independence. Should an incident occur, we have reviewed the underlying cause and the mitigating actions that have been put in place to prevent re-occurrence.

## Complaints

43. Complaints can be an indicator of poor-quality audit services. Under our complaints policy PSAA can consider complaints that relate to maladministration by one of our supplier firms, but we cannot consider complaints about the professional judgements and decisions made by auditors, or the process followed in relation to elector rights as these are matters for the courts. We have a protocol with the relevant regulators for dealing with such complaints.
44. A number of opted-in bodies contacted us regarding the lack of timeliness in audit completion. We share the concerns of our clients. As we and others have reported previously, the reasons at any individual body will normally be a combination of different causes. The position in 2022/23 was exacerbated by the length of time taken by the system to resolve concerns over the accounting for (and therefore the auditing of) authorities' infrastructure assets (e.g. highways) together with the impact of an extended post-balance sheet period encompassing updates to triennial pension valuations which required consideration.
45. In the year ended 31 March 2023 we partially upheld one formal complaint made to PSAA that was relevant to our responsibilities. This was in respect of the timeliness of a response to a question to the auditor. In addition, we referred one complainant to the ICAEW as the appropriate regulatory body.

## Method Statement

46. Certain parts of the firms' invitation to tender (ITT) responses in the 2017 PSAA procurement have been incorporated as 'method statements' in their contracts. The method statements cover a variety of topics that were all assessed as part of the tender evaluation process. PSAA has triangulated its monitoring of compliance with audit quality service information from other sources such as the professional regulatory reviews and client surveys. A client focused version of the 'method statement' was provided to all bodies as part of our client survey and formed part of the firms' planning and reporting communications with audited bodies.
47. As audit is a highly regulated profession, much of the firms' method statements are contained in the expectations of the auditing standards in planning, conducting and reporting on an audit. The results of the regulatory reviews are reported above.
48. The findings from our client survey were that 58% of responding finance directors and 72% Audit Committee Chairs considered that their audit service was meeting expectations as set out in firms' audit planning documentation "to some extent". This feedback reflects the impact of the backlog across the entire sector. We report further on the results of the client survey below.

## Data Confidentiality

49. We have reviewed and confirmed that all firms have information governance arrangements in place and data confidentiality arrangements remain appropriate. In the year ended 31 March 2023 one specific data incident, a laptop theft, was reported to us.

Our assessment of the incident in conjunction with the firm concerned concluded that there were no notifiable breaches of personal data confidentiality. The introduction of cloud-based data holding, and multi-factor authentication arrangements have done much to improve overall security and confidentiality arrangements. There must be no complacency however as technology continues to evolve at a fast pace and can be prone to basic human error.

## Social Value

50. In accordance with our obligations under the Public Services (Social Value) Act 2012, we used the 2017 procurement to seek to improve economic, social and environmental well-being through the supply of audit services under our contract, whilst acknowledging that this is difficult to frame and measure in a national context.
51. Our procurement required firms to specify how many apprenticeships, additional training, development and work experience opportunities would be provided as a result of the contract, and the measures that would be put in place to target these posts toward people from more deprived communities. Our five contracted firms committed to providing 400 positions across the life of the contract. Information provided by the firms shows that for the contract period to 2021/22, over 320 positions have so far been created in positions for graduate trainees and school leavers, including year-long work placements. In addition, there have been a further 160 fixed-term placements.
52. A particular focus for all firms has been school leaver programmes and attracting employees from lower socio-economic backgrounds. Information on backgrounds is difficult to validate but firms have provided details of the strategies deployed to widen their talent pool and ensure inclusive attraction in order to provide greater opportunities for young people from disadvantaged backgrounds. Whilst measurement of performance continues to be challenging, we are confident that our initiative has contributed to the encouragement of firms to address these important issues and has produced the numbers of posts envisaged at the outset.

## Effective relationship management

53. Effective relationship management is a key component of audit quality. Satisfaction surveys are the most effective way of obtaining this information from a larger number of clients.
54. We commissioned for a fourth year the LGA's Research & Information team to administer the survey to provide assurance about independence and confidentiality. We sought the views of both CFOs and Audit Committee Chairs, recognising the importance of the auditor's relationships with both management and 'Those Charged with Governance'. We are mindful of the volume of data returns that bodies are required to complete, and so used a short list of survey questions consistent with that of previous years. We surveyed all our bodies and received responses from 142 (30%) Audit Committee Chairs and 220 (47%) Finance Directors. We reported the survey results in August 2023, and a full copy can be found on our website: [2023 PSAA Client Survey Report](#).



## Survey Results

55. The survey results again reflected the current crisis in local audit delivery with only 12% of 2021/22 audits completed by the 30 November 2022 publishing date contributing significantly to the backlog at that time.
56. Many adverse effects flow from delayed audit opinions and these were highlighted by respondents. With the passing time they become less relevant and the value they provide to stakeholders becomes limited. They also raise uncertainties about an organisation’s financial position and weaken governance and accountability processes. Taxpayers are not given assurance about financial stewardship. Respondents also highlighted the additional workload that delayed audits placed on stretched finance teams. It is clear from correspondence and the information received from our client survey that timeliness is considered by our clients as a key element of receiving a good quality audit service.
57. As in previous years respondents also expressed their concerns about the factors leading to delays in audit opinions: the shortage of experienced auditor resources; the extent of the audit work now required on property and pension valuations; the levels of additional review and scrutiny that audit firms are building into their process in response to regulatory challenge; and the format and complexity of the accounts produced under the current CIPFA/LASAAC code. The delays intrinsically create their own problems; respondents noted the adverse impact of changes to audit team membership as well as the difficulties of an extended post-balance sheet period.
58. Unsurprisingly our broad question of whether the audit service provided had ‘met expectations’ continued to be unsatisfactory. However, Audit Committee Chairs are comparatively more satisfied than Finance Directors.

**Table 7: Survey results – extent to which audit service met expectations**

Year	2021/22	2020/21	2019/20
Finance Directors	58%	57%	73%
Audit Committee Chairs	72%	75%	84%

*Source: LGA Survey for PSAA: “To what extent did the audit service provided to your organisation meet your expectations as set out in the auditor’s audit planning documentation?”*

59. We asked for views on the usefulness of the VFM arrangements commentary which was introduced in the NAO Code of Audit Practice for audits from 2020/21 onwards. Our survey found that 71% (2020/21 - 85%) of Audit Committee Chairs and 45% (2020/21 - 60%) of Finance Directors reported that they found the commentary useful. This perhaps

reflects the falling value of delayed reporting. We note that the 2020 Code of Audit Practice requires auditors to report significant weaknesses in arrangements promptly once identified, even where the audit is not completed. Several respondents highlighted how the audit could add value by sharing good practice.

60. We were pleased to note that the survey also captured points raised highlighting the value of audit; comments included 'the auditors have provided valuable work to the Council and the Audit Committee. Access to the audit team and partners is excellent, I hold confidential pre-Committee meetings for Committee members which the Audit partner attends and makes a valuable contribution'.
61. PSAA has continued to raise the concerns expressed in the survey with key stakeholders to inform the decisions made on the future of the local audit regime. Where comments are not anonymised we have shared detailed comments with individual audit firms so that they can address the issues raised.

## Actions

62. We meet with firms on a regular basis to discuss delivery of the contract and the quality of audit service provided. These discussions include their plans for staffing and overall audit delivery.
63. As a member of the Local Audit Liaison Committee (the body established by DLUHC to co-ordinate the work of the Local Audit Sector Stakeholders) we are committed to working with all parties to resolve the ongoing concerns within local audit. We contribute to sector consultations and working groups as appropriate and support the work of other stakeholders in addressing the problems facing local audit.