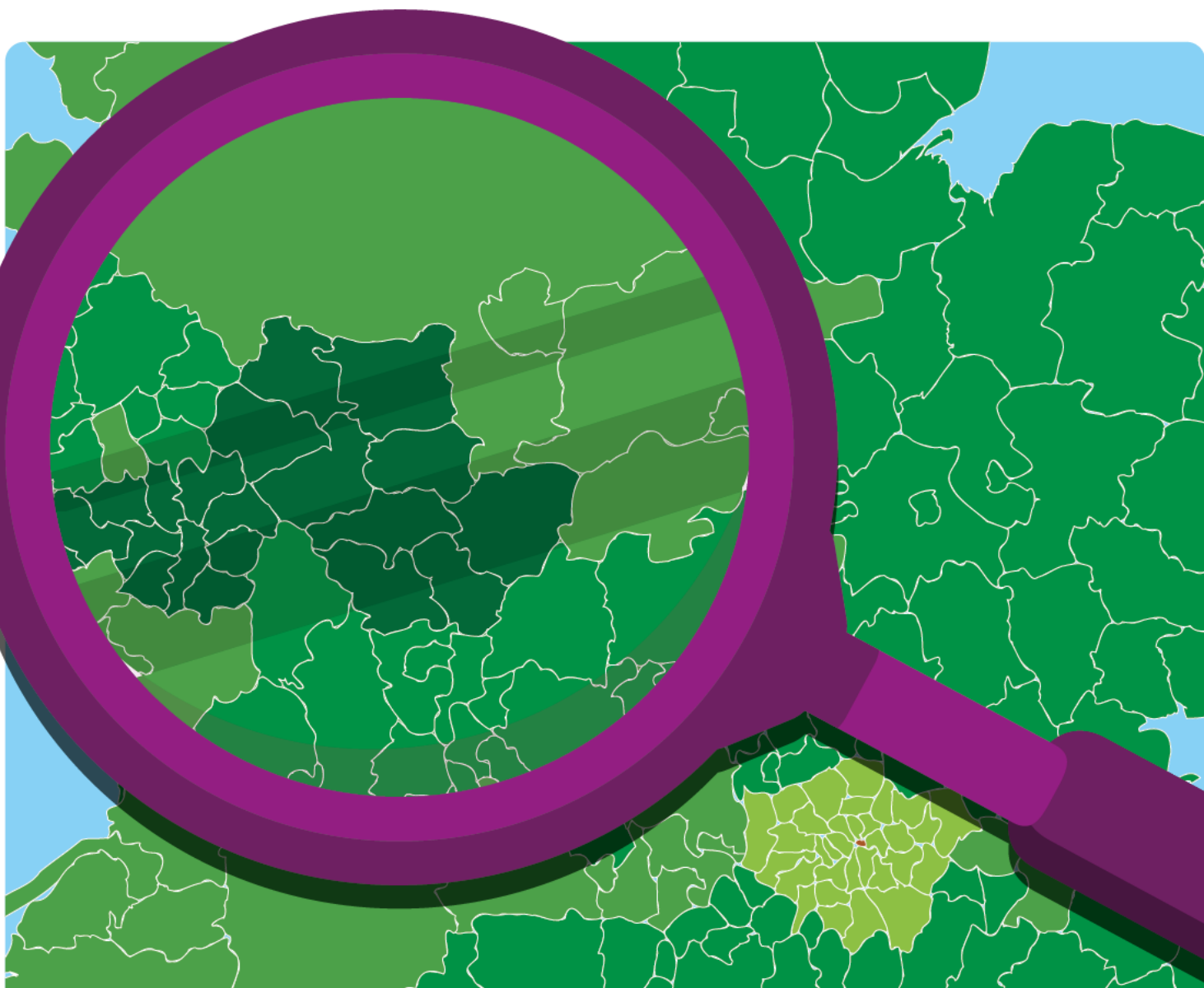


PSAA Survey 2024

Feedback from opted-in bodies



Research report

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Summary

Background

Public Sector Audit Appointments (PSAA) monitors the performance of the auditors it appoints to carry out audits under the [Local Audit and Accountability Act 2014](#) and the [Local Audit \(Appointing Person\) Regulations 2015](#). The results of this monitoring provide opted-in bodies and other stakeholders with information about the audit services delivered under the contracts procured by PSAA on behalf of the sector.

PSAA commissioned the Local Government Association's (LGA) Research and Information team to conduct an anonymous survey that seeks the views of Directors of Finance and Audit Committee Chairs on their 2023/24 audit experience. Generic terminology such as 'Director of Finance' and 'Audit Committee Chair' is used in this report, but we recognise that different terms may be used locally.

This report presents the survey's findings following analysis of the responses from both groups.

Auditors have important relationships with both Management and Those Charged With Governance (TCWG). The survey seeks feedback from Directors of Finance and Audit Committee Chairs, as both views provide valuable and differing perspectives, highlighting areas of strength and potential opportunities for service improvement.

The survey was conducted using an online form. A survey link was sent to 409 Directors of Finance and 378 Audit Committee Chairs or equivalent at opted-in bodies who received an audit opinion for 2023/24 by 31 March 2025. The number of bodies surveyed is lower than the 461 that opted in, as some respondents provided a combined response due to shared finance functions, and others had not received an audit opinion by the end of March. These bodies were surveyed separately by PSAA.

Key findings

The overall response rate from the Directors of Finance was 47 per cent (193/409) and from the Audit Committee Chairs was 31 per cent (118/378). Whilst these are good levels of response for a survey of this type, it is important to acknowledge that the results do not represent the views of all bodies but a snapshot of the views of those who responded.

Audit service delivery

- Eight out of ten (85 per cent) of Directors of Finance and 94 per cent of Audit Committee Chairs said that the audit service provided met their expectations to a great or moderate extent. Auditors presented their draft audit plans before the backstop date for the 2023/24 audits of 28 February 2025 was announced by the new government in July 2024. This change may have been a contributing factor to the views on the audit service received.

Audit completion

- Just over seven out of ten Directors of Finance (72 per cent) responded that their audit was completed by the target date. The Audit Committee Chair respondents showed slightly higher results at 79 per cent.
- Around two-thirds of Directors of Finance (62 per cent) and three-quarters of Audit Committee Chairs (72 per cent) said audit firm resourcing issues was one of the reasons the audit was not completed by the target date.

Auditor communications

- Eight out of ten Directors of Finance (86 per cent) said they strongly agreed or tended to agree that where the audit had been delayed beyond the target date, the auditor informed them of the reason for this.
- Nearly all (94 per cent) of Audit Committee Chairs said that they strongly agreed or tended to agree that where the audit had been delayed beyond the target date, the auditor had informed them of the reason for this.

Auditor's Annual Report and Value for Money (VfM) Arrangements

- Nine out of ten (90 per cent) of Audit Committee Chairs said they found the Auditor's Annual Report to be very or fairly useful, against 78 per cent of Directors of Finance.
- Almost nine out of ten (88 per cent) of Audit Committee Chairs said they found the auditor's VfM arrangements commentary very or fairly useful. Two-thirds of Directors of Finance (75 per cent) reported a similar response.

Timely reporting of key issues

- Where the auditor had identified significant weaknesses, half (51 per cent) of Audit Committee Chairs and a third of Directors of Finance (34 per cent) said were reported on a timely basis.
- Four out of five (84 per cent) of Directors of Finance said that the auditors communicated a great deal or a fair amount with them about valuations.
- Over four-fifths (88 per cent) of Audit Committee Chairs said they received a great deal or a fair amount of communications about financial accounting and reporting from their auditors.

Committee meetings

- Nine out of ten of Directors of Finance (91 per cent) and Audit Committee Chairs (95 per cent) said their auditors performance met their expectations in audit committee meetings to a great or moderate extent.
- Half of Audit Committee Chairs (52 per cent) said to the best of their knowledge the audit committee offered to meet privately with the auditors at least once without officers being present during the 2023/24 audit.

Audit backlog and disclaimer opinions

- Three-quarters (77 per cent) of Directors of Finance said they received sufficient information on the proposals to tackle the issue of the significant backlog of audits to a great or moderate extent, compared to 86 per cent of Audit Committee Chairs.
- Four out of five Directors of Finance (81 per cent) and Audit Committee Chairs (86 per cent) said they received information on the proposals to tackle the backlog from their auditors.

Introduction

PSAA is specified by the Secretary of State for Housing, Communities and Local Government as the appointing person for principal local government, police, fire and other bodies for audits from 2018/19.

Under the national auditor appointment scheme, PSAA made 461 auditor appointments for the 2023/24 financial year (excluding pension fund audits).

PSAA carries out regular monitoring of the audit services contracts to ensure quality services are being delivered. An essential element is how auditors have managed communications and the delivery of audits with the opted-in bodies. This survey is part of PSAA's monitoring arrangements. All opted-in bodies are invited to share their views, and this feedback informs PSAA's contract monitoring of appointed firms and discussions with local audit system stakeholders.

The main body of this report covers the responses of Directors of Finance and Audit Committee Chairs (noting a few questions apply only to one group), with comparisons drawn from both sets of feedback where appropriate. The full question set is shown in Appendix A.

Methodology

The LGA's Research and Information team managed the survey using an online form. An email containing a unique survey link was sent to respondents at opted-in bodies that received an audit opinion by 31 March 2025. The survey was issued between November 2024 and May 2025 over four rounds, depending on when the body's audit opinion was given. Several reminders to non-responders were issued.

Where tables and figures report a base, the description refers to the group of people who were asked the question and the number refers to the number of respondents who answered each question. Please note that bases vary, and for some questions respondents had the opportunity to provide more than one answer.

Care should be taken when interpreting percentages where the response base is less than 50, as small differences can seem magnified. Where this is the case only the top line data findings are shown, as any detailed analysis may be unreliable, and the non-percentage values are reported in brackets alongside the percentage values.

Throughout the report, percentages in figures and tables may add up 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 the auditor reports to. The names of the six auditors have been abbreviated in the tables throughout the report as follows: Azets (AZ), Bishop Fleming (BF), Ernst & Young (EY), Forvis Mazars (FM), Grant Thornton (GT) and KPMG.

PSAA – Opted-in bodies feedback on their 2023/24 audit

Survey on the 2023/24 audits – analysis of results

This section contains the analysis of the responses from Directors of Finance and Audit Committee Chairs on their 2023/24 audit experience. Each sub-section includes:

- An overall summary of the Director of Finance and Audit Committee Chair responses.
- A breakdown of the Director of Finance and Audit Committee Chair responses by auditor.
- A selection of illustrative respondents' quotes.

Response rate

A total of 257 out of a possible 409 opted-in bodies (63 per cent) responded to the survey. The overall response rate from Directors of Finance (DoFs) was 47 per cent (193) and for Audit Committee Chairs (ACCs) was 31 per cent (118).

Table 1: Response rate by auditor

Auditor	DoFs	No. of responses	Response rate (DoF)	ACCs	No. of responses	Response rate (ACC)
Azets	24	10	42%	22	8	36%
Bishop Fleming	27	12	44%	24	7	29%
Ernst & Young	90	55	61%	84	28	33%
Forvis Mazars	87	39	45%	81	25	31%
Grant Thornton	126	56	44%	114	35	31%
KPMG	55	21	38%	53	15	28%
Total	409	193	47%	378	118	31%

Section One – Standard questions

Audit service delivery

85 per cent of Directors of Finance reported that the audit service they received aligned with expectations as set out in the auditor's audit plan to 'a great or moderate extent'. An even higher proportion (94 per cent) of Audit Committee Chairs shared this view, as shown in Table 2 and Figure 1.

Table 2: To what extent did the audit service you receive align with the expectations set out in the audit plan?

	Directors of Finance	Audit Committee Chairs
To a great or moderate extent	85%	94%
To a great extent	46%	68%
To a moderate extent	39%	26%
To a small extent	8%	6%
Not at all	6%	0%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Figure 1: To what extent did the audit service you receive align with the expectations set out in the audit plan?

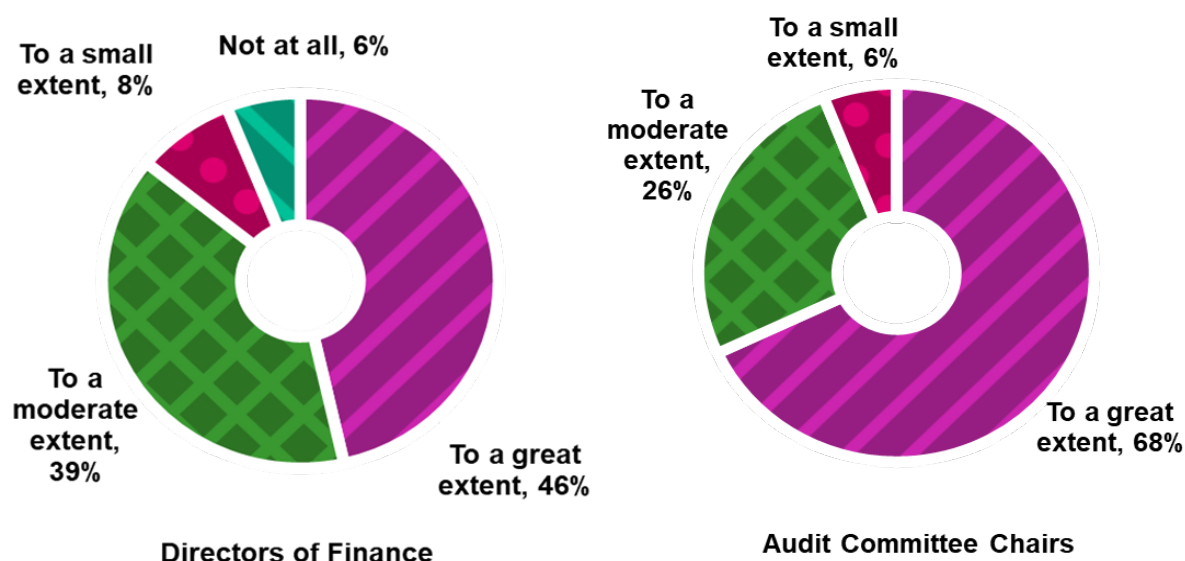


Table 3 shows the percentage of Directors of Finance and Audit Committee Chairs that selected 'to a great extent' or 'moderate extent', analysed by auditor.

Table 3: To what extent did the audit service you receive align with the expectations set out in the audit plan? Those that answered 'to a great or moderate extent' by auditor

Auditor	Directors of Finance	Audit Committee Chairs
Azets	80% (8)	100% (8)
Bishop Fleming	100% (12)	100% (7)
Ernst & Young	75% (42)	86% (24)
Forvis Mazars	87% (34)	92% (22)
Grant Thornton	76% (48)	100% (35)
KPMG	100% (21)	93% (14)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21). All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Directors of Finance and Audit Committee Chairs raised concerns about audit service delivery, emphasising the need for clearer expectations and accountability:

“More information is required to set out clear expectations and audit delivery for recovery of disclaimed opinions.”

“Let us know in a more timely manner what their overall detailed audit plan was. The plan tended to be of a scatter gun nature with them suddenly announcing to us a week before that they had additional resources to review things when we could not guarantee that we had staff available to support this additional audit resource. The audit plan is too high level to be of use to the practitioners. We would have benefited from more on site presence earlier in the process...and as a small team we do not have the same level of resources at our disposal like the external auditors do.”

“We have had a bill of £250k for audit work that was never delivered except for disclaimed audit reports of no worth. We should pay for work delivered, not for whitewashed standard texts that tell us nothing. The past 4 years represented by the backlog are a scam and a fraud on ratepayers designed to wash the hands of the auditors when they failed completely in their statutory duty. They attended meetings of the Audit Committee but never came to the offices to speak with the Accounts team. The current auditors have tried to pick up the pieces and have delivered as promised. They are not perfect but compared to the last shower, are a shining light.”

The feedback also included positive comments about audit service delivery:

“Very little; expectations were more or less realised.”

“Nothing. Our Auditors were excellent.”

“We were able to finish the year up to date in a good position for the future.”

Audit completion

Respondents were asked if their audit was completed by the target date set out in the audit plan or with a revised, agreed completion date. Their feedback is the first following the introduction of backstop dates as announced by the Minister of State for Housing, Communities and Local Government on 30 July 2024. This is a significant difference compared to previous years' surveys.

Just over seven out of ten Directors of Finance (72 per cent) said their audit was completed by the target date or a subsequently revised date. A higher proportion of Audit Committee Chairs (79 per cent) said the same, as shown in Table 4.

Table 4: Was your audit completed by the target date set out within the audit plan or in line with a subsequent revised completion date from your auditor?

	Directors of Finance	Audit Committee Chairs
Yes	72%	79%
No	28%	21%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Table 5 shows the percentage of Directors of Finance and Audit Committee Chairs that selected 'yes' or 'no' by auditor.

Table 5: Was your audit completed by the target date set out within the audit plan or in line with a subsequent revised completion date from your auditor?

Auditor	DoFs Yes	DoFs No	ACCs Yes	ACCs No
Azets	70% (7)	30% (3)	88% (7)	12% (1)
Bishop Fleming	91% (11)	8% (1)	100% (7)	0% (0)
Ernst & Young	58% (32)	42% (23)	75% (21)	25% (7)
Forvis Mazars	70% (30)	30% (9)	76% (19)	24% (6)
Grant Thornton	75% (42)	25% (14)	77% (27)	23% (8)
KPMG	76% (16)	24% (5)	80% (12)	20% (3)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21). All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

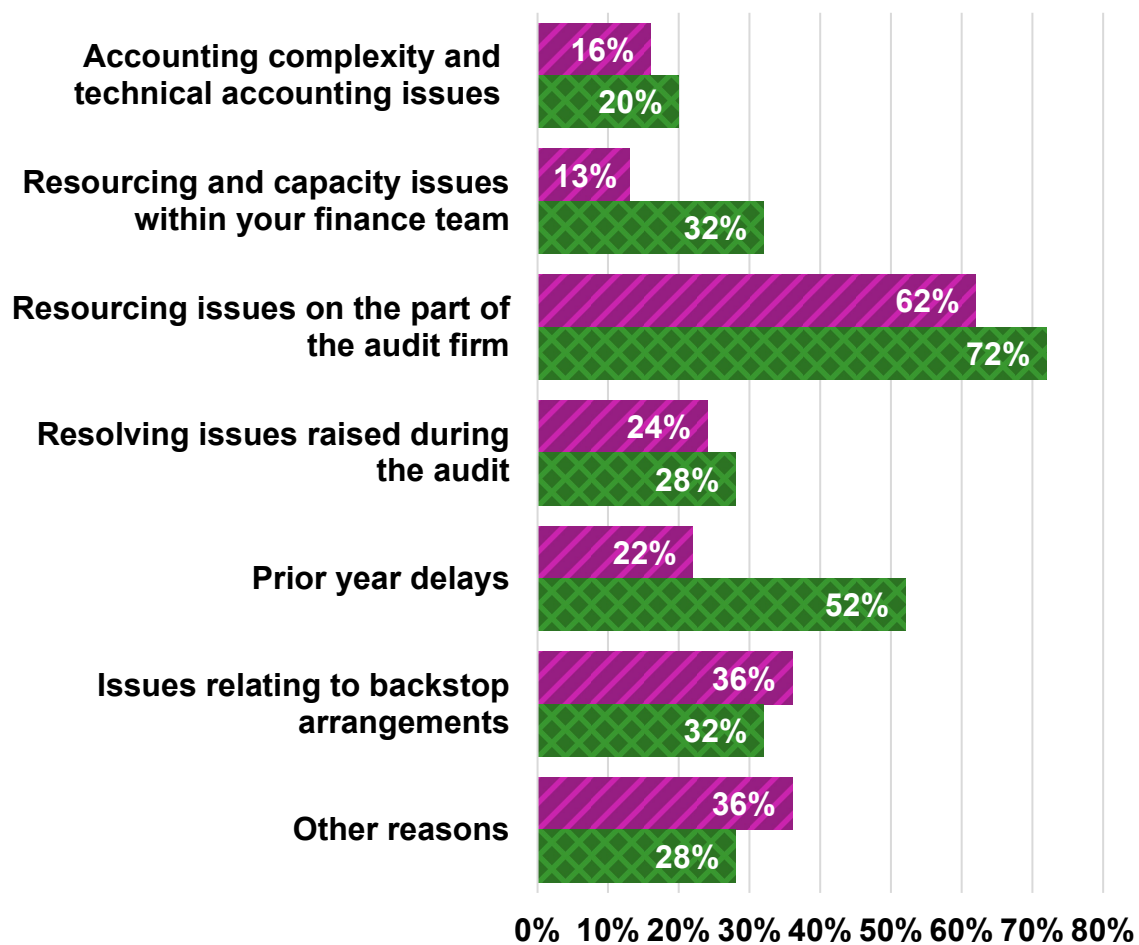
The most commonly cited reason for audit delays was resourcing issues on the part of the audit firm, identified by 62 per cent of Directors of Finance and 72 per cent of Audit Committee Chairs. Prior year delays were highlighted by over half of Audit Committee Chairs (52 per cent), while issues relating to backstop arrangements and other reasons were each noted by over a third of Directors of Finance (36 per cent). These responses are summarised in Table 6 and Figure 2.

Table 6: What is your understanding of the reasons why the audit was not completed by the target or revised date?

	Directors of Finance	Audit Committee Chairs
Accounting complexity and technical accounting issues	16%	20%
Resourcing and capacity issues within your finance team	13%	32%
Resourcing issues on the part of the audit firm	62%	72%
Resolving issues raised during the audit	24%	28%
Prior year delays	22%	52%
Issues relating to backstop arrangements	36%	32%
Other reasons	36%	28%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Figure 2: What is your understanding of the reasons why the audit was not completed by the target or revised date?



Directors of Finance and Audit Committee Chairs raised concerns about auditor resourcing and lack of auditor experience:

“Breadth of knowledge in some specific technical areas, mainly collection fund and pensions, was weaker within the audit team itself...This may also have been affected by this being our first year with a new auditor...this was their first year of building up their knowledge of the organisation and our processes.”

“The Auditor could have been better resourced to ensure that we could meet the appropriate deadlines and not get caught up in the audit backstop...”

“Gaps in resourcing (and/or little notice on change to resourcing plans or staff) is disruptive to...the finance team. Some important items were also left very late in the audit and as a result the regained assurance was lower than expected.”

Respondents also shared the importance of discussing fee charges well in advance:

“Fee changes needed to be discussed much earlier and allow time for discussion...”

The feedback included positive comments about the delivery of the audit:

“The Audit was delayed through no fault of the Auditor, I couldn't have asked them to do more as we have cleared a backlog of 11 Audits in 18 months which has been a gargantuan task.”

“Very happy with the service received, especially as it was the first year of our new auditor.”

“Achieved a timelier completion in line with our original aims...”

Auditor's communications

The highest levels of agreement by Directors of Finance were for being informed of the reasons for audit delays (86 per cent) and having access to auditors as a sounding board when needed (85 per cent). Timely auditor communications were also widely acknowledged (82 per cent), followed by agreement that communications supported a ‘no surprises’ approach (75 per cent). The lowest level of agreement was around timely explanations for fee variations (62 per cent).

Audit Committee Chairs mostly agreed that they were informed of reasons for audit delays (94 per cent) and that auditor communications supported a ‘no surprises’ approach (92 per cent). High levels of agreement were also reported for timely communications and auditors being available as a sounding board (both 91 per cent). The lowest level of agreement was around timely explanations for fee variations, though this was still positively noted by 83 per cent.

These findings are presented in Table 7, Table 8 and Figure 3.

Table 7: To what extent do you agree or disagree with the following statements? (Directors of Finance)

	Strongly or tend to agree	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree
Auditor communications were timely throughout	82%	31%	51%	16%	3%
Auditor communications ensured a 'no surprises approach' throughout	75%	27%	48%	19%	6%
Where the audit would be delayed beyond the target date set out in the audit plan, the auditor informed you of the reason for this	86%	35%	51%	10%	4%
The audit team explained the reasons for fee variations in a timely manner	62%	24%	38%	22%	16%
The auditor could be approached to act as a sounding board when required	85%	45%	40%	11%	4%

Base: Directors of Finance (193).

Table 8: To what extent do you agree or disagree with the following statements? (Audit Committee Chairs)

	Strongly or tend to agree	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree
Auditor communications were timely throughout	91%	43%	48%	8%	1%
Auditor communications ensured a 'no surprises approach' throughout	92%	51%	41%	5%	3%
Where the audit would be delayed beyond the target date set out in the audit plan, the auditor informed you of the reason for this	94%	56%	38%	5%	1%
The audit team explained the reasons for fee variations in a timely manner	83%	39%	44%	13%	4%
The auditor could be approached to act as a sounding board when required	91%	44%	47%	6%	3%

Bases: Audit Committee Chairs (118).

Figure 3: To what extent do you agree or disagree with the following statements? Percentage selecting 'strongly or tend to agree' analysed

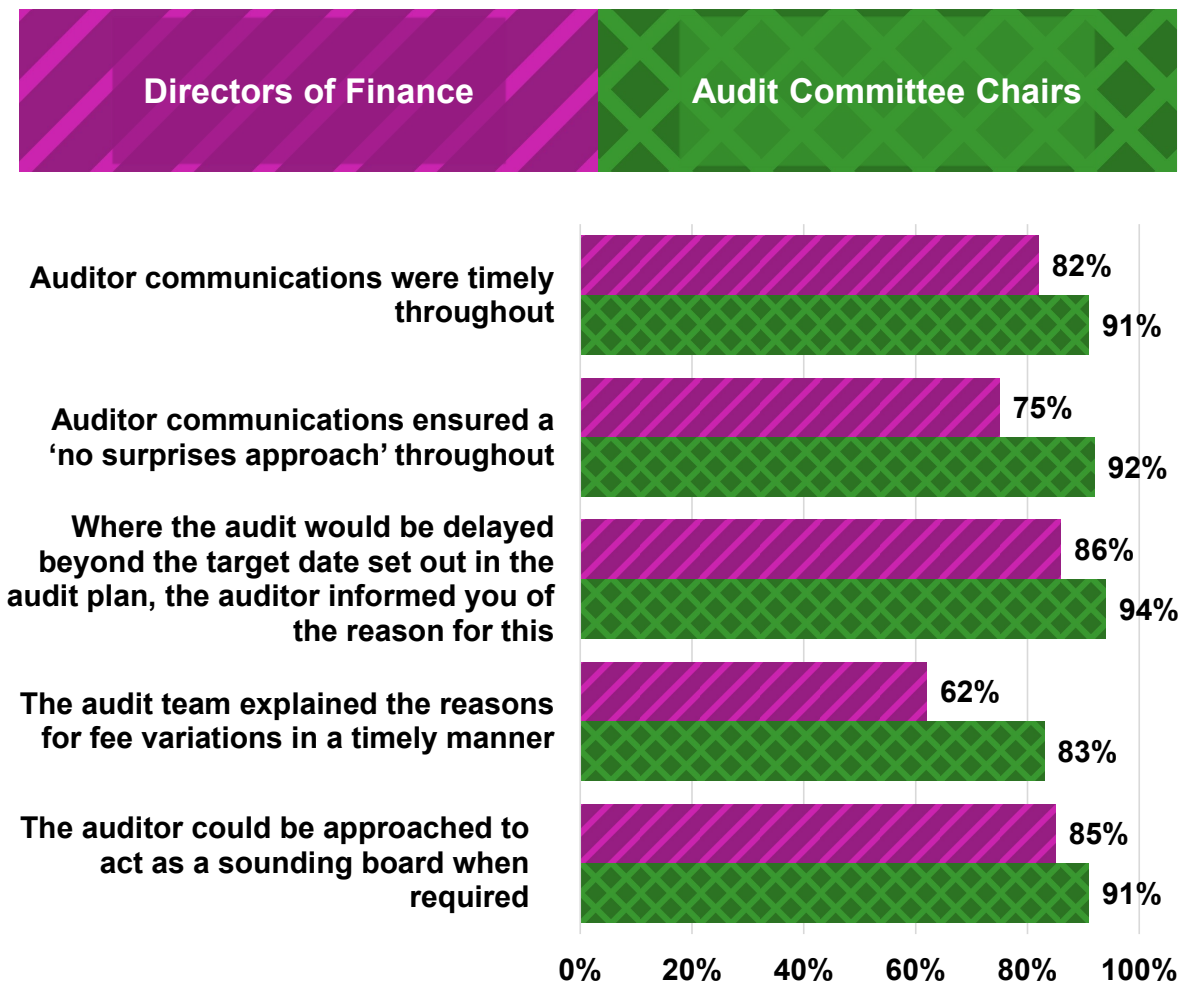


Table 9 and Table 10 show the percentage of Directors of Finance and Audit Committee Chairs that selected they 'strongly or tend to agree' by auditor.

Table 9: To what extent do you agree or disagree with the following statements? Percentage selecting 'strongly or tend to agree' analysed by auditor (Directors of Finance)

Auditor	AZ	BF	EY	FM	GT	KPMG
Auditor communications were timely throughout	90% (9)	100% (12)	62% (34)	90% (35)	86% (48)	90% (19)
Auditor communications ensured a 'no surprises approach' throughout	90% (9)	92% (11)	58% (32)	85% (33)	79% (44)	76% (16)
Where the audit would be delayed beyond the target date set out in the audit plan, the auditor informed you of the reason for this	90% (9)	100% (12)	78% (43)	92% (36)	82% (46)	95% (20)
The audit team explained the reasons for fee variations in a timely manner	80% (8)	92% (11)	20% (11)	79% (31)	75% (42)	76% (16)
The auditor could be approached to act as a sounding board when required	100% (10)	100% (12)	71% (39)	96% (38)	84% (47)	90% (19)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21).

Table 10: To what extent do you agree or disagree with the following statements? Percentage selecting ‘strongly or tend to agree’ analysed by auditor (Audit Committee Chairs)

Auditor	AZ	BF	EY	FM	GT	KPMG
Auditor communications were timely throughout	100% (8)	100% (7)	82% (23)	92% (23)	97% (34)	87% (13)
Auditor communications ensured a ‘no surprises approach’ throughout	100% (8)	100% (7)	82% (23)	88% (21)	97% (34)	93% (14)
Where the audit would be delayed beyond the target date set out in the audit plan, the auditor informed you of the reason for this	75% (6)	72% (5)	96% (27)	92% (22)	97% (34)	93% (14)
The audit team explained the reasons for fee variations in a timely manner	75% (6)	86% (6)	72% (20)	88% (21)	89% (31)	87% (13)
The auditor could be approached to act as a sounding board when required	75% (6)	86% (6)	86% (24)	96% (23)	95% (33)	87% (13)

Base: All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Respondents highlighted communication issues stemming from late engagement, lack of guidance, and poor clarity on requirements:

“The auditor did not really engage with officers in a timely manner. Their interaction was more around trying to identify errors rather than providing any guidance/assistance in more complex areas. Issues concerning audit opinions, and levels of assurance were not discussed ahead of the issue of the Results Report, so where the Auditors had stated that no assurance was possible, this came as a surprise. Especially where it directly related to the auditor not carrying out their work, independent of any requirements from officers (i.e. Pension fund valuations).”

“Better communication, more clarity over requirements up front, undertaking reviews of audit work earlier, requesting follow up information earlier, and not leaving things to the last couple of weeks to raise issues and request further information.”

“Appropriately trained auditors, better communication over fees, more catch up meetings, less obstructive approach on particular issues where we disagreed.”

The feedback also included positive comments about communication with the auditor:

“Have very much appreciated a more collaborative approach by the new auditors and improved communications.”

“The auditors were thorough and concise, with excellent communication throughout.”

“...I was kept fully informed regarding the backlog and dates etc. by my excellent Audit Officer team.”

Auditor's Annual Report and Value for Money (VfM) arrangements

The NAO Code of Audit Practice requires the auditor to report on the organisation's arrangements to secure value for money and to report on specified criteria in the Auditor's Annual Report. The auditor must have regard for the following: financial sustainability, governance and improving economy, efficiency and effectiveness.

Most Audit Committee Chairs (90 per cent) found the Auditor's Annual Report 'very or fairly useful', compared to over three-quarters of Directors of Finance (78 per cent). Half of the Chairs rated it as 'very useful', whilst only 24 per cent of Directors of Finance did so. A small proportion of both groups found the report 'not very' or 'not at all useful'. These insights are summarised in Table 11.

Table 11: How useful did you find the Auditor's Annual Report as a whole?

	Directors of Finance	Audit Committee Chairs
Very or fairly useful	78%	90%
Very useful	24%	50%
Fairly useful	54%	40%
Not very useful	15%	8%
Not at all useful	2%	0%
Have not yet received the Auditor's Annual Report for the 2023/24 audit	5%	3%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Table 12 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of 'very or fairly useful' by auditor.

Table 12: How useful did you find the Auditor's Annual Report as a whole? Percentage selecting 'very useful' or 'fairly useful' analysed by auditor

Auditor	Directors of Finance	Audit Committee Chairs
Azets	70% (7)	100% (8)
Bishop Fleming	92% (11)	85% (6)
Ernst & Young	63% (35)	78% (22)
Forvis Mazars	90% (35)	92% (22)
Grant Thornton	81% (45)	91% (32)
KPMG	86% (13)	100% (15)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21). All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Table 13 and Figure 4 show that the majority of Audit Committee Chairs (88 per cent) and Directors of Finance (75 per cent) found the auditor's VfM arrangements commentary 'very or fairly useful'. A smaller proportion found it 'not very or not at all useful', including 20 per cent of Directors of Finance and 9 per cent of Audit Committee Chairs.

Table 13: How useful did you find the auditor's VfM arrangements commentary?

	Directors of Finance	Audit Committee Chairs
Very or fairly useful	75%	88%
Very useful	23%	40%
Fairly useful	52%	48%
Not very useful	20%	9%
Not at all useful	3%	0%
Have not yet received the Auditor's Annual Report for the 2023/24 audit	2%	3%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Figure 4: How useful did you find the auditor's VfM arrangements commentary?

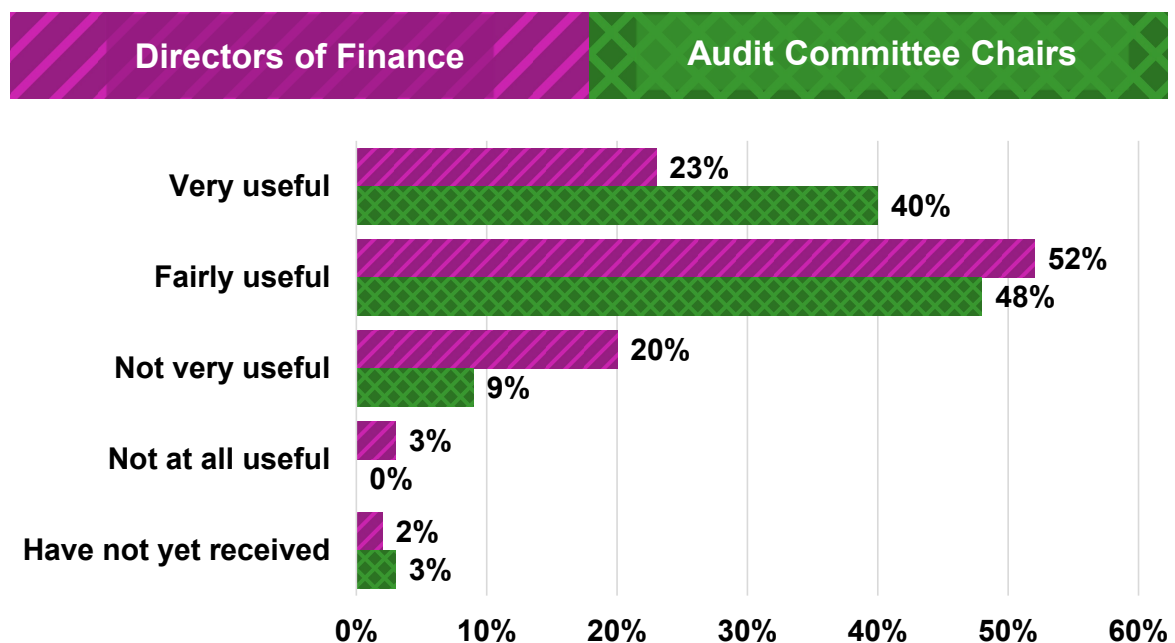


Table 14 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of ‘very or fairly useful’ by auditor.

Table 14: How useful did you find the auditor’s VfM arrangements commentary? Percentage selecting ‘very useful’ or ‘fairly useful’ analysed by auditor

Auditor	Directors of Finance	Audit Committee Chairs
Azets	90% (9)	88% (7)
Bishop Fleming	92% (11)	100% (7)
Ernst & Young	56% (31)	79% (22)
Forvis Mazars	92% (36)	92% (22)
Grant Thornton	73% (41)	89% (31)
KPMG	83% (17)	93% (14)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21). All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Directors of Finance and Audit Committee Chairs expressed a range of views on value for money arrangements, including the importance of receiving this work early for it to be useful, and concerns that it did not highlight areas of significant weakness:

“For the VfM work to be useful, early reporting is important. Focusing on an end date for an overall opinion might encourage unnecessary delays in tackling and reporting on the VfM work.”

“We do not feel that the auditors VfM judgements are useful in highlighting areas of significant weakness, and despite challenging these was told that the national agreed position influences this...”

Timely reporting of key issues

No significant weaknesses were reported by 47 per cent of Audit Committee Chairs and 53 per cent of Directors of Finance. Where significant weaknesses were identified, 51 per cent of Audit Committee Chairs and 34 per cent of Directors of Finance found the VfM commentary useful. Only 12 per cent of Directors of Finance and 3 per cent of Audit Committee Chairs did not find it useful. The full results can be seen in Table 15.

Table 15: Where the auditor reported significant weaknesses, were these reported on a timely basis?

	Directors of Finance	Audit Committee Chairs
Yes	34%	51%
No	12%	3%
No significant weaknesses reported	53%	47%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Table 16 and Table 17 show the percentage of Directors of Finance and Audit Committee Chairs that selected 'yes', 'no' or 'no significant weaknesses were reported' by auditor.

Table 16: Where the auditor reported significant weaknesses, were these reported on a timely basis? (By auditor) (Directors of Finance)

Auditor	No Significant weaknesses	Yes	No
Azets	90% (9)	10% (1)	0% (0)
Bishop Fleming	58% (7)	33% (4)	8% (1)
Ernst & Young	67% (37)	15% (8)	18% (10)
Forvis Mazars	44% (17)	46% (18)	10% (4)
Grant Thornton	36% (20)	50% (28)	14% (8)
KPMG	62% (13)	33% (7)	5% (1)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21).

Table 17: Where the auditor reported significant weaknesses, were these reported on a timely basis? (By auditor) (Audit Committee Chairs)

Auditor	No Significant weaknesses	Yes	No
Azets	50% (4)	50% (4)	0% (0)
Bishop Fleming	86% (6)	14% (1)	0% (0)
Ernst & Young	39% (11)	57% (16)	4% (1)
Forvis Mazars	48% (11)	48% (12)	4% (1)
Grant Thornton	43% (15)	54% (19)	3% (1)
KPMG	47% (7)	53% (8)	0% (0)

Base: All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Directors of Finance and Audit Committee Chairs were asked to what extent their auditors communicated with them about financial accounting and reporting, financial resilience, valuations, infrastructure assets, changes to auditing standards, VfM arrangements work, and audit backlog arrangements. These aspects have a significant impact on the audit and it is important that TCWG have early sight of issues at their opted-in body.

The top three themes for Directors of Finance, with combined responses of 'a great deal or fair amount', were valuations (84 per cent), VfM arrangements work and financial accounting and reporting (both at 80 per cent).

The top three themes for Audit Committee Chairs, with combined responses of 'a great deal or fair amount', were financial accounting and reporting (88 per cent), VfM arrangements work (86 per cent) and audit backlog arrangements (83 per cent).

Table 18 and Table 19 show the extent the auditor communicated with the Directors of Finance and Audit Committee Chairs about these significant topics.

Table 18: To what extent did your auditor communicate with you on the following significant topics? (Directors of Finance)

	A great deal or fair amount	A great deal	A fair amount	Not very much	Not at all	N/A
Financial accounting and reporting	80%	35%	45%	17%	2%	2%
Financial resilience	67%	19%	48%	28%	5%	1%
Valuations	84%	41%	43%	11%	2%	4%
Infrastructure assets	46%	16%	30%	22%	9%	24%
Changes to auditing standards	56%	15%	41%	36%	5%	3%
VfM arrangements work	80%	24%	56%	19%	1%	0%
Audit backlog arrangements	72%	30%	42%	13%	2%	13%

Base: Directors of Finance (193).

Table 19: To what extent did your auditor communicate with you on the following significant topics? (Audit Committee Chairs)

	A great deal or fair amount	A great deal	A fair amount	Not very much	Not at all	N/A
Financial accounting and reporting	88%	28%	60%	9%	1%	2%
Financial resilience	86%	28%	58%	11%	0%	3%
Valuations	71%	17%	54%	21%	3%	5%
Infrastructure assets	65%	16%	49%	20%	5%	9%
Changes to auditing standards	77%	25%	52%	18%	3%	3%
VfM arrangements work	86%	31%	55%	11%	0%	3%
Audit backlog arrangements	83%	41%	42%	8%	3%	7%

Base: Audit Committee Chairs (118).

Table 20 and Table 21 break down the percentages showing responses of ‘a great deal or a fair amount’, analysed by auditor.

Table 20: To what extent did your auditor communicate with you on the following significant topics? Percentage selecting ‘a great deal’ or a ‘fair amount’ analysed by auditor (Directors of Finance)

	AZ	BF	EY	FM	GT	KPMG
Financial Accounting and Reporting	90% (9)	100% (12)	66% (36)	87% (34)	83% (46)	81% (17)
Financial resilience	90% (9)	84% (10)	38% (21)	85% (33)	73% (41)	72% (15)
Valuations	90% (9)	100% (12)	76% (42)	85% (33)	87% (49)	81% (17)
Infrastructure assets	20% (2)	33% (4)	35% (19)	67% (26)	46% (26)	48% (10)
Changes to auditing standards	80% (8)	67% (8)	36% (20)	67% (26)	59% (33)	66% (14)
VfM arrangements work	90% (9)	92% (11)	56% (31)	98% (38)	88% (49)	81% (17)
Audit backlog arrangements	70% (7)	33% (4)	70% (44)	87% (34)	62% (35)	65% (14)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21).

Table 21: To what extent did your auditor communicate with you on the following significant topics? Percentage selecting ‘a great deal or a fair amount’ analysed by auditor (Audit Committee Chairs)

	AZ	BF	EY	FM	GT	KPMG
Financial Accounting and Reporting	100% (8)	85% (6)	93% (26)	84% (20)	85% (30)	87% (13)
Financial resilience	100% (8)	85% (6)	82% (23)	80% (19)	91% (32)	80% (12)
Valuations	88% (7)	71% (5)	60% (17)	60% (14)	80% (28)	80% (12)
Infrastructure assets	88% (7)	72% (5)	53% (15)	60% (15)	66% (23)	80% (12)
Changes to auditing standards	75% (6)	85% (6)	79% (22)	76% (18)	72% (25)	80% (12)
VfM arrangements work	100% (8)	71% (5)	78% (22)	88% (21)	76% (30)	93% (14)
Audit backlog arrangements	63% (5)	71% (5)	82% (33)	88% (21)	83% (29)	93% (13)

Base: All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Several Audit Committee Chairs and Finance Directors emphasised the importance of timely reporting to allow sufficient time to address these significant topics:

“Earlier engagement and discussions on key topic of valuations...”

“...Issuing the audit opinion in a timely manner would have increased the value of the work to the organisation. Focusing on the material items in the accounts and not spending disproportionate time on smaller items that do not impact overall materiality or decision making delayed progress, put pressure on the relationship and diluted the importance placed on the audit opinion.”

“More definitive timings in the build up to sign off.”

“More focus on income and expenditure, and debtors/creditors transactions and less focus on PPE and IAS19 valuations.”

“Communicated key issues in a timely manner, rather than leaving them to the end of their internal review process.”

Committee meetings

Respondents were asked to what extent the auditor’s performance met their expectations in the Audit Committee meetings. When looking at the positives, 91 per cent of Directors of Finance selected ‘to a great or moderate extent’, compared to 95 per cent of Audit Committee Chairs. Results are shown in Table 22 and Figure 5.

Table 22: To what extent did your auditor's performance meet your expectations in the Audit Committee meetings?

	Directors of Finance	Audit Committee Chairs
To a great or moderate extent	91%	95%
To a great extent	65%	70%
To a moderate extent	26%	25%
To a small extent	7%	5%
Not at all	2%	0%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Figure 5: To what extent did your auditor's performance meet your expectations in the Audit Committee meetings?

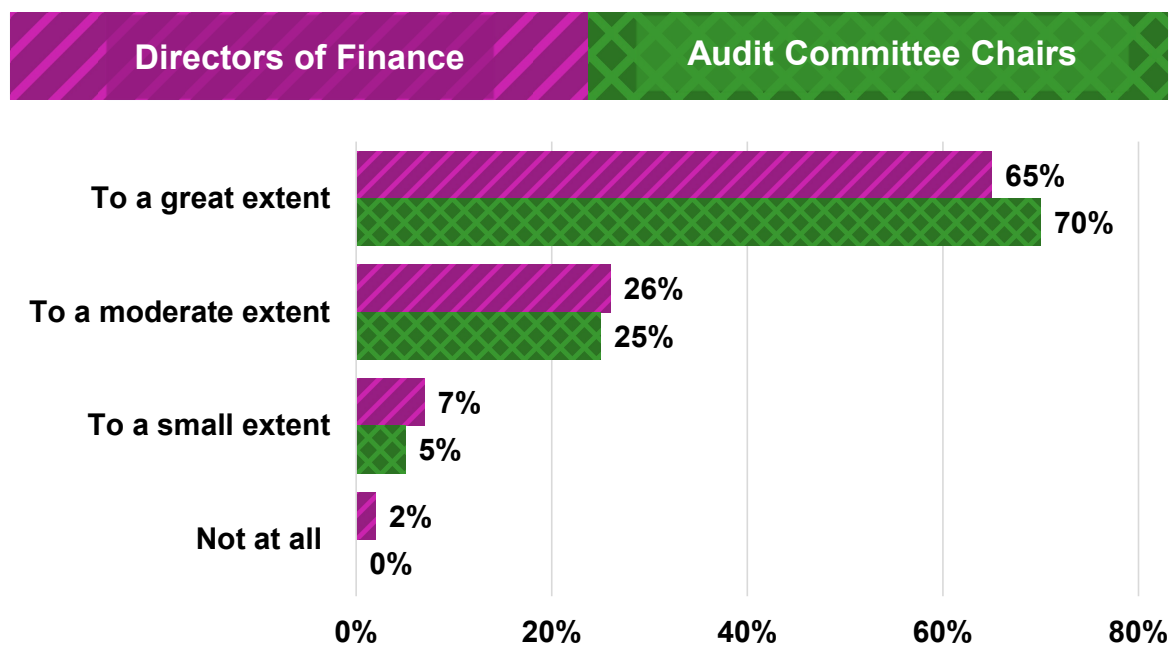


Table 23 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of 'to a great or moderate extent' by auditor.

Table 23: To what extent did your auditor's performance meet your expectations in the Audit Committee meetings? Percentage and number selecting to 'a great extent' or 'moderate extent' analysed by auditor

Auditor	Directors of Finance	Audit Committee Chairs
Azets	90% (9)	88% (7)
Bishop Fleming	92% (11)	100% (12)
Ernst & Young	82% (45)	92% (26)
Forvis Mazars	97% (38)	96% (23)
Grant Thornton	85% (53)	97% (34)
KPMG	96% (20)	94% (14)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21). All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Audit Committee Chairs were asked if the Audit Committee met privately with the auditors at least once without officers present. Over half of the respondents (52 per cent) selected 'yes', with 48 per cent selecting 'no', as shown in Table 24.

Table 24: To the best of your knowledge, did the Audit Committee offer to meet privately with the auditors at least once without officers being present during the course of the 2023/24 audit, for example during any pre-committee meetings? (Audit Committee Chairs only)

Audit Committee Chairs	
Yes	52%
No	48%

Base: Audit Committee Chairs (118).

Table 25 shows the percentage of Audit Committee Chairs that selected 'yes' or 'no' by auditor.

Table 25: To the best of your knowledge, did the Audit Committee offer to meet privately with the auditors at least once without officers being present during the course of the 2023/24 audit, for example during any pre-committee meetings?

Auditor	Yes	No
Azets	63% (5)	37% (3)
Bishop Fleming	43% (3)	57% (4)
Ernst & Young	61% (17)	39% (11)
Forvis Mazars	32% (7)	68% (17)
Grant Thornton	51% (18)	49% (17)
KPMG	67% (10)	33% (5)

Base: All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

When reviewing comments about committee meetings, there was a clear call for more frequent catch ups and greater in-person attendance:

“The Partner could have ensured that he attended the Audit Committee meeting and he could have ensured that he spoke with the Chair of the Audit Committee before the accounts were signed off.”

“The Audit lead needs to be more present at Audit Committees as it would appear that they have been told that they do not need to attend each one and give updates which has been the norm over the last 8 years...”

“Attend more meetings in person rather than by Teams. Their geographic location made this very difficult to achieve.”

Additional comments

Respondents were invited to provide additional comments if they wished to do so. We specifically sought views on what the auditor could have done differently to make the audit of more value to the organisation.

Two-thirds (67 per cent) of Directors of Finance (130) provided a comment, as did 33 per cent (63) of Audit Committee Chairs. Analysed by theme and removing any comments that were not relevant to the survey questions, the key themes are shown in Table 26.

Table 26: Any additional comments

Key themes	Directors of Finance	Audit Committee Chairs
Timeliness - timescales/delays/backstop	38% (49)	17% (11)
Nothing to add or positive - comprehensive audit/satisfied with audit/audit better than last year	21% (27)	27% (17)
Communication - need of better/earlier/more communication from audit team	13% (17)	21% (13)
Fees - high/unexpected/poor communication around fees	12% (16)	11% (7)
Knowledge and experience of audit team staff - lack of knowledge/experience/junior level of audit staff /impact on LA staff resources	14% (18)	5% (3)
Planning and Resources - more planning/guidance/resources needed from audit team	10% (13)	5% (3)
Other	22% (29)	27% (17)

Base: Directors of Finance (130), Audit Committee Chairs (63).

Views expressed included respondents praising auditor professionalism and new entrants, but called for improvements in timeliness, communication, audit focus, and resourcing. Key concerns included delays, repetitive requests, unclear fee explanations, and disproportionate focus on valuations over service-impacting risks:

“...we have a strong and good working relationship with our External Auditors, whose input is valued and respected by officers and members alike.”

“...we have a very constructive/positive relationship with mutual respect.”

“Earlier agreement of our approach to complex accounting issues so this didn't have to be a focus of so much discussion during main audit visit...”

“More communications throughout the audit and more consistent resourcing.”

“Produce Annual Report earlier and allow more time for discussion ahead of being published. Delays at the end became tiresome.”

“...audit started June 2024 but not finalised until Feb 2025.”

“They could have completed the Audit on time. We experienced multiple requests for the same information and relatively routine queries being made late on in the audit...”

“Better planning and management of audit progress which was very protracted. There has also been a higher propensity than in previous contracts and engagements to justify additional fees on top of the exceptional increase in scale fees. I hope the PSAA will look seriously at requests for variations and take account of feedback from local bodies.”

“There is still the requirement for auditors to concentrate a disproportionate amount of resources on PPE and Pension accounts. Changing the focus of the audit to VFM, budgeting, planning and investment decision making would give greater assurance to members and residents.”

Section Two – Topical matters

Audit backlog and disclaimer opinions

Respondents were asked if they were aware of the significant backlog of delayed audits and to what extent they received sufficient information on the proposals to tackle the issue. Table 27 and Figure 6 show that 77 per cent of Directors of Finance selected a response of 'to a great or moderate extent', compared to 86 per cent of Audit Committee Chairs.

Table 27: To what extent have you received sufficient information on the proposals to tackle the issue?

	Directors of Finance	Audit Committee Chairs
To a great or moderate extent	77%	86%
To a great extent	45%	58%
To a moderate extent	32%	28%
To a small extent	7%	2%
Not at all	3%	2%
Not applicable	14%	10%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Figure 6: To what extent have you received sufficient information on the proposals to tackle the issue?

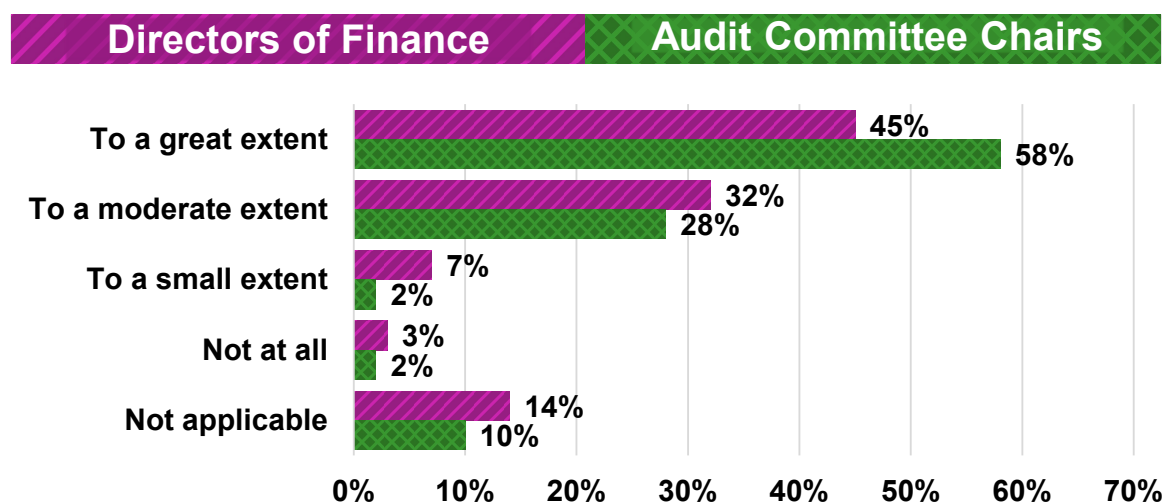


Table 28 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of 'to a great or moderate extent' by auditor.

Table 28: Percentage selecting to 'a great extent' or 'moderate extent' analysed by auditor

Auditor	Directors of Finance	Audit Committee Chairs
Azets	80% (8)	75% (6)
Bishop Fleming	66% (8)	43% (3)
Ernst & Young	85% (47)	96% (27)
Forvis Mazars	79% (31)	96% (24)
Grant Thornton	68% (38)	86% (30)
KPMG	76% (16)	80% (12)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21). All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Directors of Finance and Audit Committee Chairs were asked from which organisations they received information on the proposals to tackle the backlog. The majority of respondents selected their auditors as their main source of information, including 86 per cent of Audit Committee Chairs and 81 per cent of Directors of Finance. The full breakdown is shown in Table 29.

Table 29: From which organisations have you received information on the proposals to tackle the backlog?

	Directors of Finance	Audit Committee Chairs
Your auditor	81%	86%
Ministry of Housing, Communities and Local Government (MHCLG)	78%	45%
Financial Reporting Council (FRC)	28%	9%
National Audit Office (NAO)	37%	19%
Chartered Institute of Public Finance and Accountancy (CIPFA)	67%	35%
PSAA	72%	47%
None of the above	4%	3%

Base: Directors of Finance (193), Audit Committee Chairs (118).

Directors of Finance were asked from which organisations they received information on the proposals to tackle the backlog. The full breakdown is shown in Table 30 by auditor.

**Table 30: From which organisations have you received information on the proposals to tackle the backlog?
Analysed by auditor (Directors of Finance)**

	AZ	BF	EY	FM	GT	KPMG
Your auditor	80% (8)	75% (9)	87% (48)	90% (35)	73% (41)	76% (16)
Ministry of Housing, Communities and Local Government (MHCLG)	80% (8)	58% (7)	78% (43)	87% (34)	75% (42)	81% (17)
Financial Reporting Council (FRC)	40% (4)	17% (2)	44% (24)	23% (9)	23% (13)	10% (2)
National Audit Office (NAO)	30% (3)	42% (5)	42% (23)	49% (19)	29% (16)	29% (6)
Chartered Institute of Public Finance and Accountancy (CIPFA)	60% (6)	75% (9)	56% (31)	79% (31)	63% (35)	81% (17)
PSAA	60% (6)	92% (11)	71% (39)	64% (25)	68% (38)	95% (20)
None of the above	0% (0)	0% (0)	2% (1)	3% (1)	9% (5)	0% (0)

Base: all Directors of Finance respondents - Azets (10), Bishop Fleming (12), Ernst & Young (55), Forvis Mazars (39), Grant Thornton (56) and KPMG (21).

Audit Committee Chairs were asked the same question. The full breakdown is shown in Table 31 by auditor.

**Table 31: From which organisations have you received information on the proposals to tackle the backlog?
Analysed by auditor (Audit Committee Chairs)**

	AZ	BF	EY	FM	GT	KPMG
Your auditor	63% (5)	57% (4)	89% (25)	96% (23)	91% (32)	80% (12)
Ministry of Housing, Communities and Local Government (MHCLG)	13% (1)	57% (4)	54% (15)	50% (12)	49% (17)	27% (4)
Financial Reporting Council (FRC)	0% (0)	14% (1)	11% (3)	4% (1)	11% (4)	13% (2)
National Audit Office (NAO)	13% (1)	14% (1)	25% (7)	21% (5)	17% (6)	20% (3)
Chartered Institute of Public Finance and Accountancy (CIPFA)	25% (2)	29% (2)	29% (8)	38% (9)	46% (16)	20% (3)
PSAA	63% (5)	71% (5)	54% (15)	33% (8)	49% (17)	40% (6)
None of the above	0% (0)	0% (0)	4% (1)	0% (0)	3% (1)	13% (2)

Base: All Audit Committee Chair respondents - Azets (8), Bishop Fleming (7), Ernst & Young (28), Forvis Mazars (25), Grant Thornton (35) and KPMG (15).

Additional comments about the backlog solution

A significant number of opted-in bodies reported they were not impacted by the backlog. Most had audits completed on time, often crediting strong relationships with their auditors and consistent internal processes. Views expressed include:

“Our auditors have done well to deliver to the agreed timetable and our backlogs have been minimal.”

“...it did not affect our authority as we were on time, but we were kept informed nonetheless so that we could understand how others were affected.”

Opted-in bodies also expressed concern that the national backlog solution has shifted the focus to statutory backstop dates rather than encouraging more timely and proportionate audits:

“The backlog date felt like it gave our auditors more time as they saw that as the target rather than achieving within our timescales.”

“Although we got a disclaimer there was an awful lot of audit work done to decide to have no opinion. This seemed to be a waste of time and money.”

“The whole Audit is now overly burdensome on local authorities and has become dis-proportionate to the value the whole process adds. This is particularly an issue for smaller Councils with limited Finance resource...”

Respondents shared the need to provide clarity on building back assurance whilst ensuring local audit offered value for money, a requirement to focus on future resources, capability and training, and a consideration of the impact that local government re-organisation has on local audit:

“Lack of clear guidance for auditors around what will be required to rebuild assurance for organisations who've received disclaimed opinions means uncertainty continues. No clear understanding for Local Government finance teams about the 'roadmap' back to unqualified opinions.”

“A detailed and bespoke project plan from the auditor would be useful to understand what our expectations should be.”

“Solving the underlying cause of the audit backlog is crucial, wasting time and public money on the current LA audit system is not value for money and focuses on the wrong things. A solution needs to be found with all parties working to compromise on a way forward as this issue has been discussed with no workable plan found to address the problem.”

“We need to move back to a situation where the audit is for taxpayers, residents and other stakeholders not for regulators or external auditors.”

“As part of the creation of the Local Audit Office there needs to be a focus on the future capacity for local government audit and resource and capability to be able to add value through the audits.”

“...the solution is to ensure enough auditors and financial professionals are trained within the local government sphere. Both are lacking.”

“I do not believe that adequate consideration or flexibility has been given to the impacts of local government reorganisation on Audit functions. I would suggest that as Government pursues further unitarisations, it should build in more flexibility over backstop arrangements to allow those authorities to catch up.”

Section Three - Firm specific questions

This section will be fed back confidentially to each of the firms and a summary of the results will be shared on PSAA's website.



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