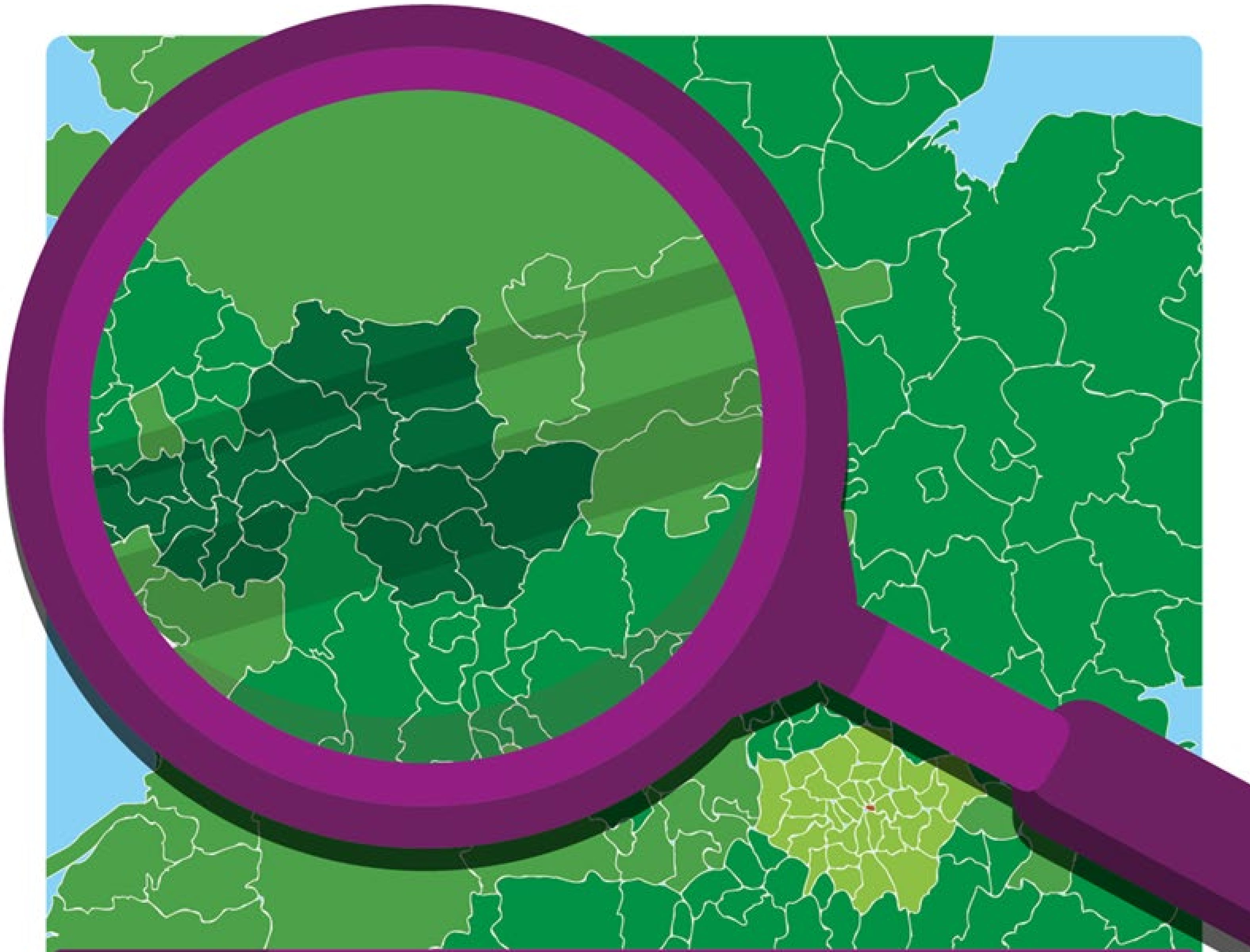
PSAA Survey 2024

Feedback from opted-in bodies



Summary 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.

The 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. 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 less than the total of opted-in bodies (461), as some respondents provided a combined response for more than one organisation where a shared finance function exists, and others did not receive 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.

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

> "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."

The feedback also included positive comments about audit service delivery:

> "Very little; expectations were more or less realised."

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

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.

Respondents 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 feedback also 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.”

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.

Directors of Finance and Audit Committee Chairs highlighted communication issues stemming from late engagement, lack of guidance, and poor clarity on requirements:

> "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."

Respondents' feedback included positive comments about communication with their 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."

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.

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.”

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 these 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.

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

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

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

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.

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

> “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...”

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.

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.”

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:

> “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.”

> “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.”

Additional comments

Two-thirds (67 per cent) of Directors of Finance (130) and 33 per cent (63) of Audit Committee Chairs provided additional comments on what the auditor could have done differently to make the audit of more value to the organisation.

The key themes included: timeliness of audit delivery; positive feedback on audit experience; a need for improved communication, including about fees; the lack of knowledge and experience of audit teams; and a call for more planning, guidance, and resources from auditors.

Views expressed included:

> “…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…”

> “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."
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> "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."

The full report with a breakdown of all responses can be viewed on the PSAA website.

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