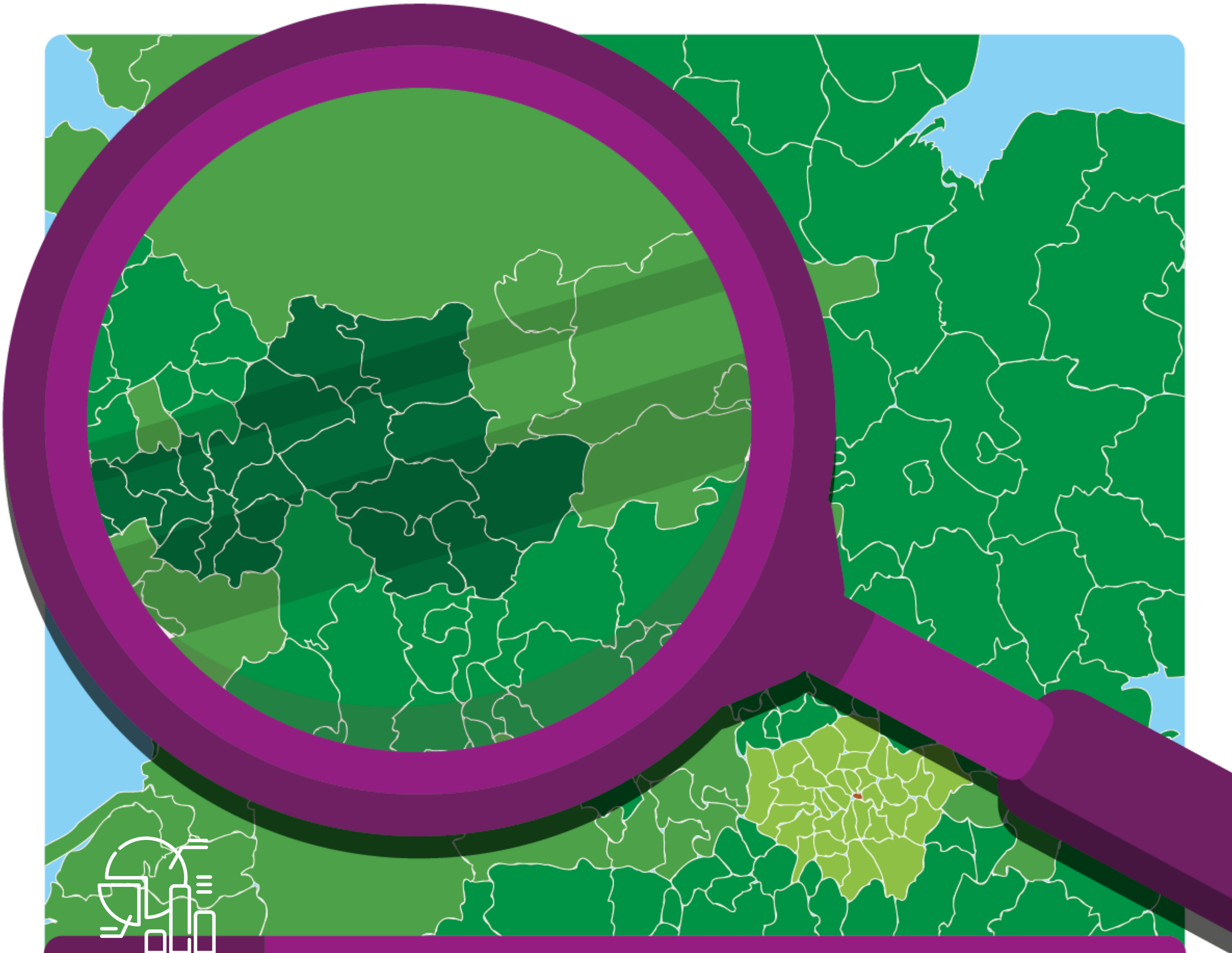
PSAA Survey 2025

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 2024/25 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 424 Directors of Finance and 395 Audit Committee Chairs or equivalent at opted-in bodies who received an audit opinion for 2024/25 by 31 March 2026. The number of bodies surveyed is lower than the 455 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 the LGA.

Key findings

The overall response rate from the Directors of Finance was 45 per cent (189/424) and from the Audit Committee Chairs was 25 per cent (99/395). This represents a slight decrease from the 2023/24 survey, where response rates were 47 per cent and 31 per cent respectively. 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

- Over eight out of ten (86 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. These results are broadly consistent with the 2023/24 survey (85 per cent and 94 per cent).

Audit completion

- Over seven out of ten Directors of Finance (78 per cent) responded that their audit was completed by the target date. The Audit Committee Chair respondents showed slightly higher results at 86 per cent. This represents an improvement on the 2023/24 survey (72 per cent and 79 per cent).
- The most cited reason for audit delays was resourcing issues on the part of the audit firm, identified by 58 per cent of Directors of Finance and 57 per cent of Audit Committee Chairs. This is consistent with the 2023/24 survey, although overall percentages last year were higher (62 per cent and 72 per cent).
- Fifty-seven per cent of Audit Committee Chairs also highlighted capacity issues within their own finance teams as a contributing factor for audit delays, a significant increase on the 2023/24 survey result (32 per cent).

Auditor communications

- Nine out of ten Directors of Finance (90 per cent) 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. This represents an improvement on the 2023/24 survey (86 per cent).
- Nearly all of Audit Committee Chairs (93 per cent) 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. This is broadly consistent with the 2023/24 survey (94 per cent).
- Overall, responses to the auditor communications statements are broadly consistent with those in the 2023/24 survey. Directors of Finance reported a slight improvement when compared to last year, while Audit Committee Chairs reported slightly lower levels of agreement.

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

- Nearly all (95 per cent) of Audit Committee Chairs said they found the Auditor's Annual Report to be very or fairly useful, against 84 per cent of Directors of Finance. This represents an improvement on the 2023/24 survey (90 per cent and 78 per cent).
- Almost nine out of ten (87 per cent) of Audit Committee Chairs said they found the auditor's VfM arrangements commentary very or fairly useful, compared to 82 per cent of Directors of Finance. This represents an overall improvement on the 2023/24 survey (88 per cent and 75 per cent).

Timely reporting of key issues

- Where the auditor had identified significant weaknesses, half (51 per cent) of Audit Committee Chairs and over a third of Directors of Finance (39 per cent) said they were reported on a timely basis. This represents an improvement on the 2023/24 survey (51 per cent and 34 per cent).

- Four out of five (87 per cent) of Directors of Finance said that the auditors communicated a great deal or a fair amount with them about valuations. As in the 2023/24 survey, this question recorded the highest level of agreement (84 per cent).
- Nine out of ten (91 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. As in the 2023/24 survey, this question recorded the highest level of agreement (88 per cent).

Committee meetings

- Nine out of ten of Directors of Finance (91 per cent) and 97 per cent of Audit Committee Chairs said their auditor's performance met their expectations in audit committee meetings to a great or moderate extent. The results reflect a very slight improvement on the 2023/24 survey (91 per cent and 95 per cent).
- Just under three out of five of Audit Committee Chairs (59 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 2024/25 audit. This is an improvement on the 2023/24 survey (52 per cent).

Local audit reform and building back assurance (new topical questions)

- Seven out of ten (70 per cent) of Directors of Finance said they received sufficient information on the overhaul of the local audit system, including establishing the Local Audit Office, compared to 61 per cent of Audit Committee Chairs.
- Over half of Directors of Finance (58 per cent) and Audit Committee Chairs (64 per cent) said they received information about the process of building back assurance.

Introduction

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

Under the national auditor appointment scheme, PSAA made 455 auditor appointments for the 2024/25 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 2026. The survey was issued between December 2025 and May 2026 over three 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 2024/25 audit

Survey on the 2024/25 audits – analysis of results

This section contains the analysis of the responses from Directors of Finance and Audit Committee Chairs on their 2024/25 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 245 out of a possible 427 opted-in bodies (57 per cent) responded to the survey. The overall response rate from Directors of Finance (DoFs) was 45 per cent (189) and for Audit Committee Chairs (ACCs) was 25 per cent (99).

The overall response rate for this survey was slightly lower than in the 2023/24 survey, when 63 per cent of bodies, 47 per cent of DoFs and 31 per cent of ACCs responded.

Table 1: Response rate by auditor

Auditor	DoFs	No. of responses	Response rate (DoF)	ACCs	No. of responses	Response rate (ACC)
Azets	26	8	**31%**	25	7	**28%**
Bishop Fleming	29	9	**31%**	25	5	**20%**
Ernst & Young	87	52	**60%**	82	20	**24%**
Forvis Mazars	85	41	**48%**	79	17	**22%**
Grant Thornton	136	54	**40%**	125	37	**30%**
KPMG	61	25	**41%**	59	13	**22%**
Total	**424**	**189**	**45%**	**395**	**99**	**25%**

Section One – Standard questions

Audit service delivery

86 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. These results are broadly consistent with the 2023/24 survey (85 per cent and 94 per cent).

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	**86%**	**94%**
To a great extent	51%	70%
To a moderate extent	35%	24%
To a small extent	10%	5%
Not at all	3%	1%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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

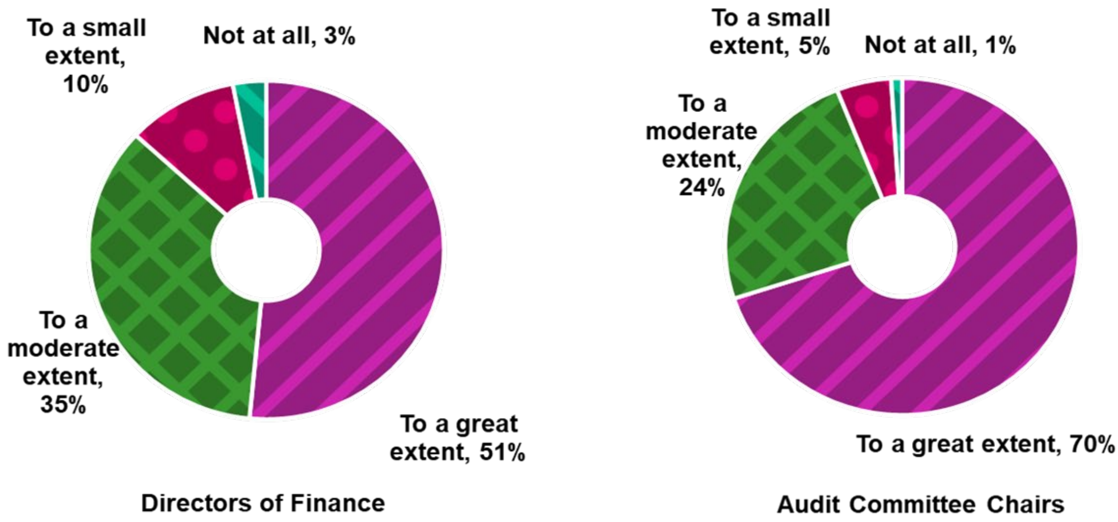


Table 3 shows the percentage of Directors of Finance and Audit Committee Chairs that selected 'to a great extent' or 'moderate extent', analysed by auditor.

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	100% (8)	100% (7)
Bishop Fleming	100% (9)	100% (5)
Ernst & Young	77% (40)	85% (17)
Forvis Mazars	80% (33)	88% (15)
Grant Thornton	93% (50)	97% (36)
KPMG	96% (24)	100% (13)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Respondents raised concerns about audit service delivery, emphasising the need for clearer expectations, improved planning and better resourcing:

> "An agreed audit plan needs to be set out clearly at the outset and adhered to. Officers should not be put in a position where audit queries are issued late or with unrealistic turnaround times that undermine service delivery. Where additional audit work or complexity is expected to generate extra cost, this should be identified early, discussed transparently and supported by sufficient, suitably competent resource."

> "Should have ensured the audit was delivered in time as per the plan presented and should have used the massive hike in fees to…allocate proper staffing and time resources. The auditors attended every committee meeting; however not all actions or targets discussed/agreed were met or followed through."

> "A more structured plan to allow for better resourcing to support the audit requests. Audit went beyond the original planned window…queries would come through with no warning making it difficult to respond to in a timely manner."

> "We were disappointed with the amount of assurance we received but understand that getting out of a disclaimed opinion is difficult. A clearer plan for how this is to be achieved would have been helpful…"

The feedback also included positive comments about audit service delivery:

> "…we had and have a really good working relationship and all that we asked for was delivered."

> "…we have an experienced team and a well-established working arrangement and rhythm that has stood us in good stead."

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 relates to the second year of audits delivered following the introduction of backstop dates as announced by the Minister of State for Housing, Communities and Local Government on 30 July 2024.

Just over three quarters of Directors of Finance (78 per cent) said their audit was completed by the target date or a subsequently revised date. A higher proportion of Audit Committee Chairs (86 per cent) said the same, as shown in Table 4. This is an improved position on the 2023/24 survey, when the corresponding figures were 72 per cent and 79 per cent.

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	78%	86%
No	22%	14%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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	100% (8)	0% (0)	86% (6)	14% (1)
Bishop Fleming	100% (9)	0% (0)	100% (5)	0% (0)
Ernst & Young	65% (34)	35% (18)	80% (16)	20% (4)
Forvis Mazars	68% (28)	32% (13)	71% (12)	29% (5)
Grant Thornton	87% (47)	13% (7)	92% (34)	8% (3)
KPMG	88% (22)	12% (3)	92% (12)	8% (1)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

The most commonly cited reason for audit delays was resourcing issues on the part of the audit firm, identified by 58 per cent of Directors of Finance and 57 per cent of Audit Committee Chairs, consistent with the findings from the 2023/24 survey (62 per cent and 72 per cent). Fifty-seven per cent of Audit Committee Chairs also highlighted capacity issues within their own finance teams as a contributing factor, a significant increase on the 2023/24 survey result (32 per cent).

Prior year delays were mentioned by half of Audit Committee Chairs (50 per cent), while resolving issues raised during the audit were noted by 49 per cent of Directors of Finance. These responses are summarised in Table 6 and Figure 2.

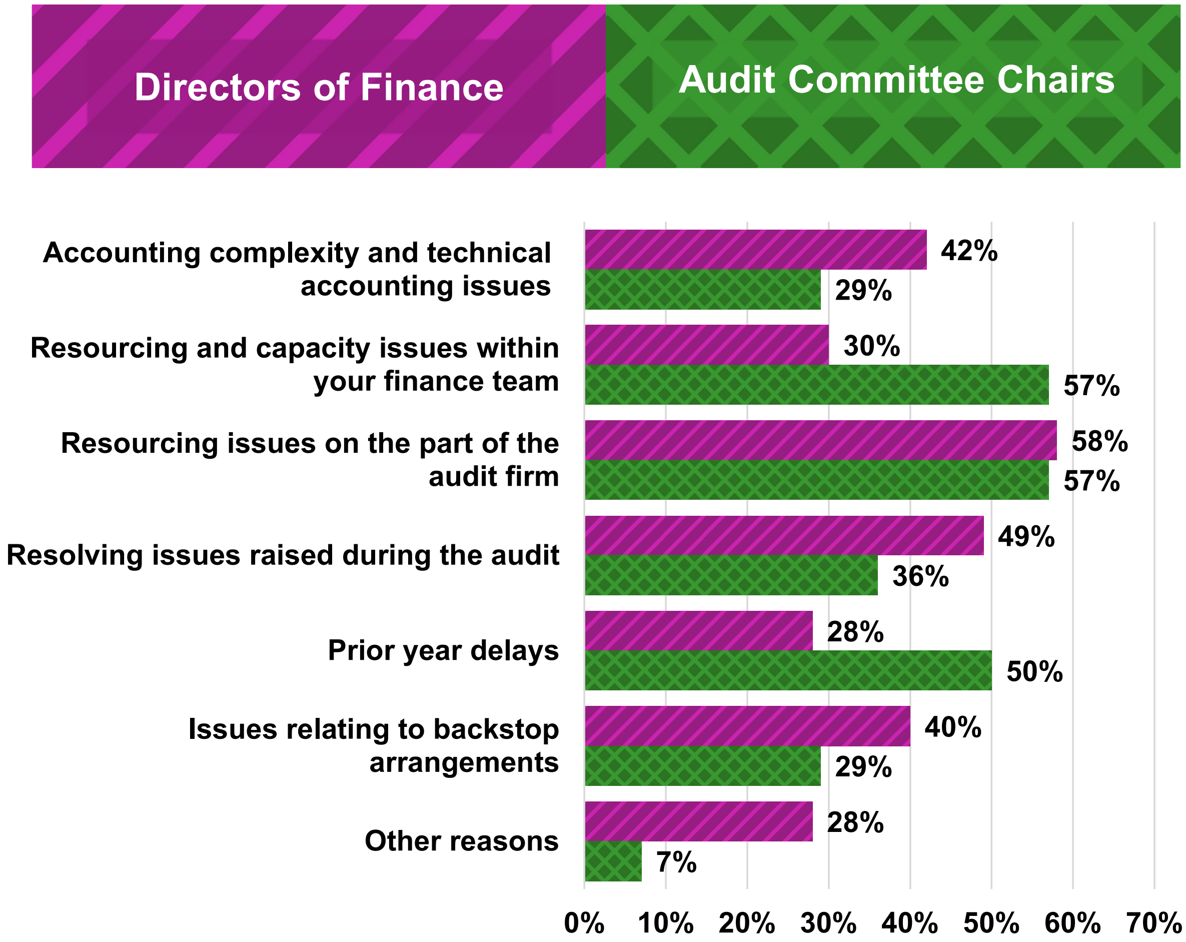
Table 6: What is your understanding of the reasons why the audit was not completed by the target or revised date?

	Directors of Finance	Audit Committee Chairs
Accounting complexity and technical accounting issues	42%	29%
Resourcing and capacity issues within your finance team	30%	57%
Resourcing issues on the part of the audit firm	58%	57%
Resolving issues raised during the audit	49%	36%
Prior year delays	28%	50%
Issues relating to backstop arrangements	40%	29%
Other reasons	28%	7%

Base: Directors of Finance (43), Audit Committee Chairs (14)

Compared with the 2023/24 survey, the proportion of Directors of Finance citing accounting complexity and technical issues, finance team capacity constraints, and the need to resolve audit issues as causes of audit delays has more than doubled.

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



Respondents identified several factors contributing to delays, including resourcing constraints within audit firms and audited bodies, delays in decision making, a lack of communication, and limited auditor experience and understanding of local audit:

> "I am critical of the auditor's performance, delay and resourcing…I feel that…the quality of [the] 2024/25 accounts is not to standard and caused a problem as did internal resourcing capacity."

> "Resourcing in other council teams, e.g. assets. Capacity of the team to deal with the volume of audit queries. Quality of information supplied by the council to audit queries resulting in back and forth of questions…Council responses to

audit queries were not always picked up in a timely manner, resulting in repeated questions being asked which added to the delay."

"Lack of experience and understanding of Local Authority accounting from the junior members of the audit firm."

"…they were a new audit team and unfamiliar with the Council, working papers and our systems."

"I am concerned that our auditors… are working to deadlines several months before the backstop dates and using their own earlier dates to end audits if not completed…they are then focusing on the following year audit and other commitments as there is not enough audit resource available to complete all audits, so the system is driving them to focus on those they can get through early and then focus on the following year's audit testing to ensure numbers get audited in time but this is failing the sector as a whole."

"Multiple objections that were not dealt with in a timely manner by the audit firm."

"…lack of communication about what was required at the outset of the audit."

Directors of Finance and Audit Committee Chairs also shared issues that were related to building back assurance and outside of the auditor's or body's control:

"Not our external auditor's fault…we are still having delays in the completion of the pension fund audit and this impacts our external auditor's ability to sign off our accounts - we don't receive any communication from the pension fund or their auditor…"

"Delays with the auditor in determining whether we could move from a disclaimed audit to a qualified audit in line with the building back assurance process."

Auditor’s communications

The highest levels of agreement by Directors of Finance were for being informed of the reasons for audit delays (90 per cent) and having access to auditors as a sounding board when needed (87 per cent). Timely auditor communications were also widely acknowledged (86 per cent), followed by agreement that communications supported a ‘no surprises’ approach throughout (82 per cent). The lowest level of agreement was around timely explanations for fee variations (68 per cent). Overall, Directors of Finance reported slightly higher levels of agreement across all statements when compared to the 2023/24 survey.

Audit Committee Chairs mostly agreed that they were informed of reasons for audit delays (93 per cent) and received timely communications (90 per cent). High levels of agreement were also reported that auditor communications supported a ‘no surprises’ approach throughout (88 per cent) and auditors being available as a sounding board (87 per cent). The lowest level of agreement was around timely explanations for fee variations, though this was still positively noted by 86 per cent. Overall, Audit Committee Chairs reported slightly lower levels of agreement across all statements when compared to the 2023/24 survey.

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	**86%**	33%	53%	12%	2%
Auditor communications ensured a 'no surprises approach' throughout	**82%**	30%	52%	13%	5%
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%**	37%	53%	8%	2%
The audit team explained the reasons for fee variations in a timely manner	**68%**	22%	46%	24%	8%
The auditor could be approached to act as a sounding board when required	**87%**	46%	41%	10%	3%

Base: Directors of Finance (189).

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	**90%**	55%	35%	8%	2%
Auditor communications ensured a ‘no surprises approach’ throughout	**88%**	43%	45%	8%	4%
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	**93%**	56%	37%	5%	2%
The audit team explained the reasons for fee variations in a timely manner	**86%**	49%	37%	9%	5%
The auditor could be approached to act as a sounding board when required	**87%**	53%	34%	10%	3%

Bases: Audit Committee Chairs (99).

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

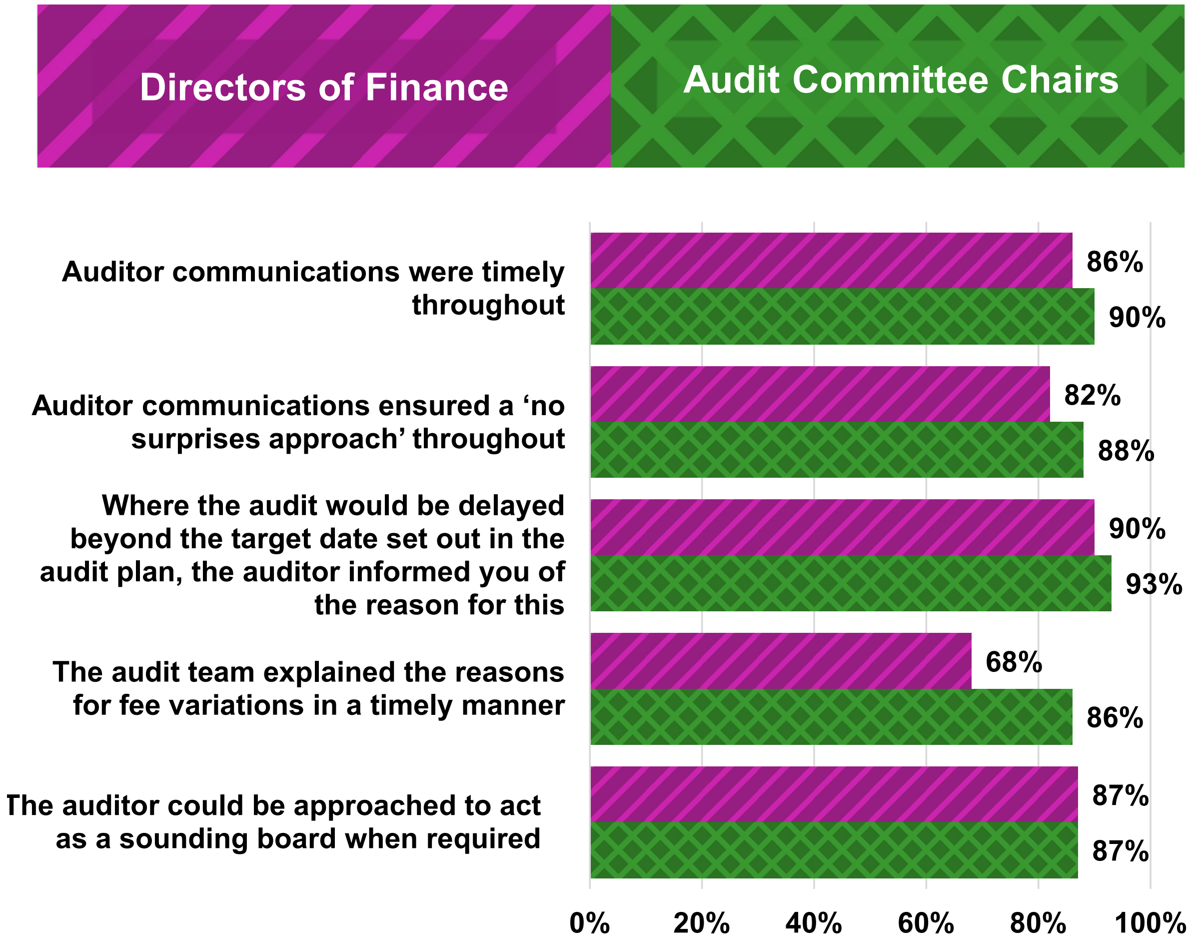


Table 9 and Table 10 show the percentage of Directors of Finance and Audit Committee Chairs that selected they 'strongly or tend to agree' by auditor.

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	100% (8)	89% (8)	67% (35)	93% (38)	96% (52)	88% (22)
Auditor communications ensured a 'no surprises approach' throughout	100% (8)	89% (8)	63% (33)	90% (37)	87% (47)	88% (22)
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	100% (8)	78% (7)	81% (42)	88% (36)	100% (54)	92% (23)
The audit team explained the reasons for fee variations in a timely manner	88% (7)	89% (8)	29% (15)	83% (34)	80% (43)	84% (21)
The auditor could be approached to act as a sounding board when required	88% (7)	100% (9)	79% (41)	90% (37)	89% (48)	92% (23)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25).

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	86% (6)	100% (5)	80% (16)	88% (15)	97% (36)	85% (11)
Auditor communications ensured a 'no surprises approach' throughout	100% (7)	100% (5)	65% (13)	88% (15)	97% (36)	85% (11)
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	100% (7)	100% (5)	90% (18)	94% (16)	89% (33)	100% (13)
The audit team explained the reasons for fee variations in a timely manner	100% (7)	100% (5)	70% (14)	82% (14)	95% (35)	77% (10)
The auditor could be approached to act as a sounding board when required	100% (7)	100% (5)	65% (13)	88% (15)	92% (34)	92% (12)

Base: all Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Respondents highlighted communication issues stemming from late engagement, lack of guidance and poor clarity on requirements. They also called for more face-to-face meetings to support effective engagement and communication:

> “Open and honest communication, consistent messaging from manager to partner, earlier raising of issues, a more supportive dialogue as a sounding board for issues, better planning and timetabling!”
>
> “More face-to-face meetings.”
>
> “More communication on the ground between audit lead and auditee and within the firm to ensure join up with local government and pension fund auditors.”
>
> “Work to the provided timetable, raise any issues in a timely way, communicate effectively, secure enough staff with relevant expertise to undertake the audit, provide…timely update reports to Committee with meaningful information.”
>
> “Although I worked in the financial industry, the language used was often technical and challenging for other committee members.”
>
> “Greater communication ahead of commencement in terms of working papers and supporting evidence - by the time we knew what was required, we were unable to extract the necessary reports from systems which needed to be interrogated at year end.”
>
> “The big issue was not adhering to a 'no surprises' approach. The committee were presented with…areas of concern at the last minute which led to some difficulties.”
>
> “Highlighted delays and fee variations earlier.”

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. For 2024/25 audits onwards, auditors should issue their draft Auditor’s Annual Report (AAR) to TCWG by 30 November each year, and a core element of it will be the VfM arrangements commentary.

Most Audit Committee Chairs (95 per cent) found the Auditor’s Annual Report ‘very or fairly useful’, compared to 84 per cent of Directors of Finance. This represents an improvement on the 2023/24 survey results (90 per cent and 78 per cent). Over half of the Chairs rated it as ‘very useful’, whilst only 32 per cent of Directors of Finance shared this view. 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	**84%**	**95%**
Very useful	32%	57%
Fairly useful	52%	38%
Not very useful	14%	3%
Not at all useful	2%	2%
Have not yet received the Auditor’s Annual Report for the 2024/25 audit	1%	0%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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	100% (8)	100% (7)
Bishop Fleming	89% (8)	100% (5)
Ernst & Young	67% (35)	95% (19)
Forvis Mazars	85% (35)	94% (16)
Grant Thornton	91% (49)	97% (36)
KPMG	92% (23)	85% (11)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Table 13 and Figure 4 show that the majority of Audit Committee Chairs (87 per cent) and Directors of Finance (82 per cent) found the auditor’s VfM arrangements commentary ‘very or fairly useful’. This represents an overall improvement on the 2023/24 survey results (88 per cent and 75 per cent). A smaller proportion found it ‘not very or not at all useful’, including 18 per cent of Directors of Finance and 11 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	**82%**	**87%**
Very useful	31%	45%
Fairly useful	51%	42%
Not very useful	15%	8%
Not at all useful	3%	3%
Have not yet received the VfM arrangements commentary for the 2024/25 audit	0%	2%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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

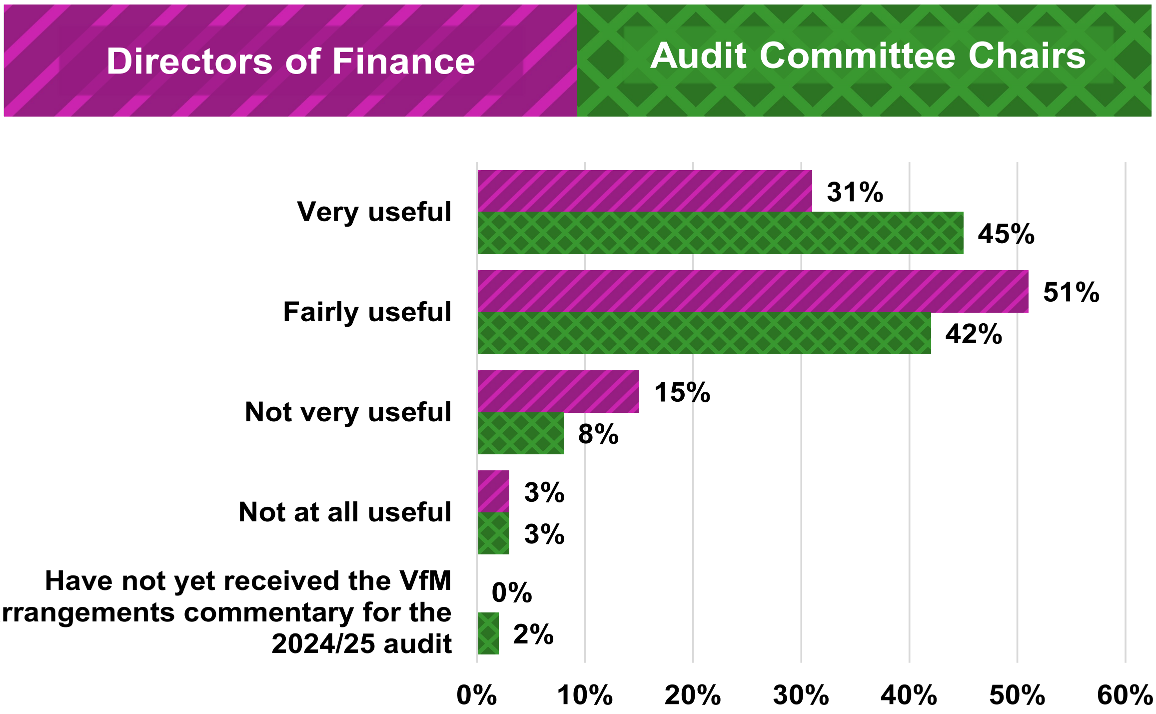


Table 14 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of 'very or fairly useful' by auditor.

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	100% (8)	100% (7)
Bishop Fleming	89% (8)	100% (5)
Ernst & Young	69% (36)	85% (17)
Forvis Mazars	80% (33)	88% (15)
Grant Thornton	89% (48)	86% (32)
KPMG	88% (22)	77% (10)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Directors of Finance and Audit Committee Chairs expressed a range of views on value for money arrangements. They highlighted the need for stronger engagement and raised concerns that the work did not offer good value for the taxpayer:

> "We are charged a significant sum for Value for Money conclusion work where no risks are identified and most of their reporting was from wording in our own reports so added no value for the charge to the taxpayer."

> "More engagement on the VfM work, it really wasn't very detailed for the amount of money paid and there is still lack of clarity around building back assurance."

> "Auditors could add more about the specific relevance of their review in the context of a public agency funded by taxation - for example, we could focus more on VfM, and less on asset and pension valuations."

Timely reporting of key issues

No significant weaknesses were reported by 42 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 39 per cent of Directors of Finance stated that these were reported on a timely basis. This represents an improvement on the 2023/24 survey results (51 per cent and 34 per cent). Only 8 per cent of Directors of Finance and 7 per cent of Audit Committee Chairs said this was not the case. 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	39%	51%
No	8%	7%
No significant weaknesses reported	53%	42%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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? Analysed by auditor (Directors of Finance)

Auditor	No significant weaknesses	Yes	No
Azets	63% (5)	38% (3)	0% (0)
Bishop Fleming	89% (8)	11% (1)	0% (0)
Ernst & Young	52% (27)	27% (14)	21% (11)
Forvis Mazars	44% (18)	51% (21)	5% (2)
Grant Thornton	46% (25)	50% (27)	4% (2)
KPMG	68% (17)	32% (8)	0% (0)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25).

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

Auditor	No significant weaknesses	Yes	No
Azets	57% (4)	43% (3)	0% (0)
Bishop Fleming	80% (4)	20% (1)	0% (0)
Ernst & Young	50% (10)	25% (5)	25% (5)
Forvis Mazars	24% (4)	65% (11)	12% (2)
Grant Thornton	38% (14)	62% (23)	0% (0)
KPMG	54% (7)	46% (6)	0% (0)

Base: All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

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, 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 (87 per cent), financial accounting and reporting (85 per cent) and VfM arrangements work (79 per cent), consistent with the 2023/24 survey (84 per cent, 80 per cent and 80 per cent).

The top themes for Audit Committee Chairs, with combined responses of ‘a great deal or fair amount’, were financial accounting and reporting (91 per cent), VfM arrangements work, financial resilience and valuations (all at 83 per cent). This is a slight change from the 2023/24 survey where the top themes 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	**85%**	33%	52%	13%	1%	1%
Financial resilience	**65%**	17%	48%	30%	4%	1%
Valuations	**87%**	41%	46%	10%	2%	2%
Changes to auditing standards	**65%**	17%	48%	33%	2%	1%
VfM arrangements work	**79%**	23%	56%	20%	1%	1%
Audit backlog arrangements	**62%**	19%	43%	20%	2%	17%

Base: Directors of Finance (189).

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	**91%**	46%	45%	9%	0%	0%
Financial resilience	**83%**	37%	46%	16%	1%	0%
Valuations	**83%**	34%	49%	15%	1%	1%
Changes to auditing standards	**82%**	37%	45%	17%	0%	1%
VfM arrangements work	**83%**	31%	52%	13%	1%	3%
Audit backlog arrangements	**68%**	38%	30%	16%	2%	14%

Base: Audit Committee Chairs (99).

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	100% (8)	89% (8)	79% (41)	78% (32)	91% (49)	92% (23)
Financial resilience	88% (7)	67% (6)	48% (25)	61% (25)	76% (41)	72% (18)
Valuations	88% (7)	78% (7)	87% (45)	78% (32)	89% (48)	96% (24)
Changes to auditing standards	75% (6)	78% (7)	60% (31)	68% (28)	61% (33)	72% (18)
VfM arrangements work	100% (8)	78% (7)	58% (30)	88% (36)	87% (47)	84% (21)
Audit backlog arrangements	63% (5)	56% (5)	65% (34)	51% (21)	65% (35)	68% (17)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25).

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% (7)	100% (5)	85% (17)	94% (16)	92% (34)	85% (11)
financial resilience	100% (7)	100% (5)	65% (13)	82% (14)	86% (32)	85% (11)
Valuations	86% (6)	80% (4)	70% (14)	65% (11)	95% (35)	92% (12)
Changes to auditing standards	100% (7)	100% (5)	70% (14)	82% (14)	86% (32)	69% (9)
VfM arrangements work	100% (7)	100% (5)	70% (14)	82% (14)	86% (32)	77% (10)
Audit backlog arrangements	86% (6)	60% (3)	70% (14)	59% (10)	70% (26)	62% (8)

Base: all Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Several Audit Committee Chairs and Directors of Finance emphasised the importance of timely and clear reporting to allow sufficient time to address these significant topics and the need to resolve building back assurance quickly and effectively:

> "I…have a longer-term concern about the impact on the timeliness of financial reporting for the police if responsibilities are transferred to local authorities after 2028."
>
> "The worst scenario is poor, unclear reporting that is not set at the right level of knowledge and experience for members, often with minimal audit knowledge…the system needs rethinking and should be much more open to other organisations who have the appetite and resource to undertake better quality auditing."
>
> "More input is required from the service users being audited and relevant committee chairs or members. Some of the audit concepts should apply differently to local authorities especially PPE valuation and general audit work and that is causing a lot of issues."
>
> "There should be more focus on VfM and understanding what is going on. As an ex-external auditor for the sector, I used to meet with directors/senior managers to understand projects and decision making, this doesn't appear to happen anymore so all that is relied upon are public reports which may not give a clear picture to inform the auditor's judgement."

Committee meetings

Respondents were asked to what extent the auditor's performance met their expectations in the Audit Committee meetings. Overall responses were positive, with 97 per cent of Audit Committee Chairs and 91 per cent of Directors of Finance selecting 'to a great or moderate extent'. Results are shown in Table 22 and Figure 5, and reflect a similar position to the 2023/24 survey (95 per cent and 91 per cent).

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%**	**97%**
To a great extent	67%	68%
To a moderate extent	24%	29%
To a small extent	7%	2%
Not at all	2%	1%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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

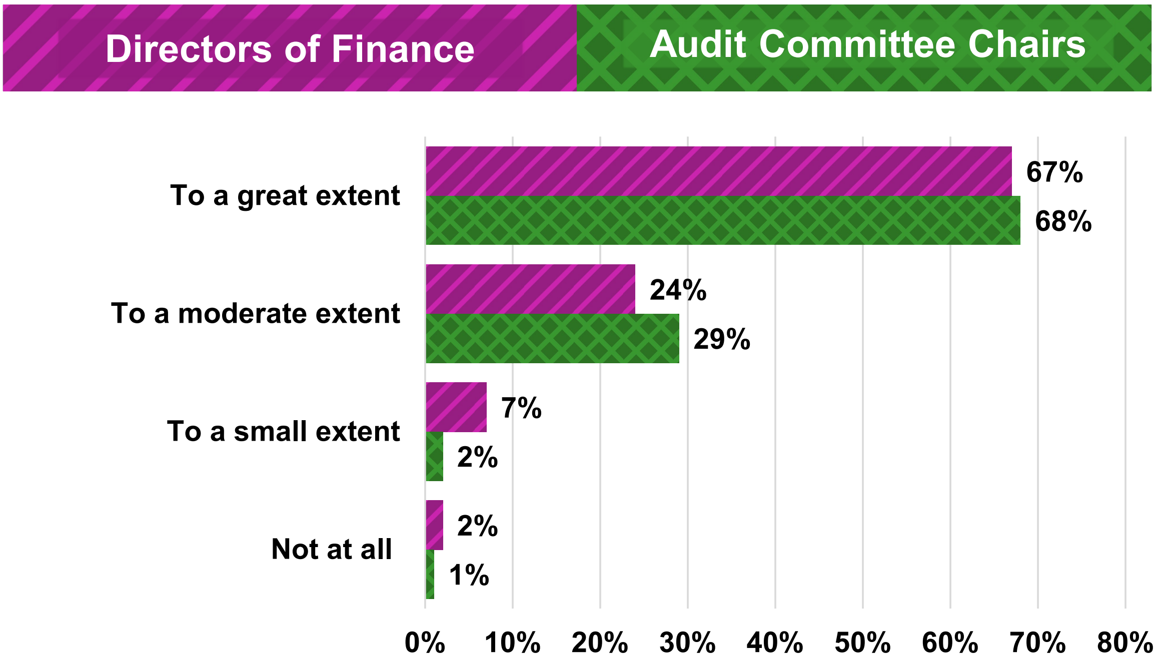


Table 23 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of ‘to a great or moderate extent’ by auditor.

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	100% (8)	100% (7)
Bishop Fleming	100% (9)	100% (5)
Ernst & Young	77% (40)	95% (19)
Forvis Mazars	98% (40)	88% (15)
Grant Thornton	96% (52)	100% (37)
KPMG	96% (24)	100% (13)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

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 (59 per cent) selected ‘yes’, with 41 per cent selecting ‘no’, as shown in Table 24. This is an improvement on the 2023/24 survey, in which 52 per cent reported holding such meetings.

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 2024/25 audit, for example during any pre-committee meetings? (Audit Committee Chairs only)

	Audit Committee Chairs
Yes	59%
No	41%

Base: Audit Committee Chairs (99).

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 2024/25 audit, for example during any pre-committee meetings?

Auditor	Yes	No
Azets	57% (4)	43% (3)
Bishop Fleming	60% (3)	40% (2)
Ernst & Young	65% (13)	35% (7)
Forvis Mazars	53% (9)	47% (8)
Grant Thornton	57% (21)	43% (16)
KPMG	62% (8)	38% (5)

Base: all Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

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

> “One of the committee meetings was attended via Teams and no one could hear the auditor clearly - in person attendance was requested going forward.”
>
> “Engage with the audit committee more - we can't support if not informed.”
>
> “To arrange at least one meeting annually without internal officers present with all the audit committee present.”
>
> “More attendance at Audit Committees to discuss progress and changes…at each meeting rather than just when there is something to report.”
>
> “The auditor was thorough and kept the committee informed. There is nothing more they could have done.”

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 (68 per cent) of Directors of Finance (130) provided a comment, as did 64 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
Improved timeliness and organisation of audit	35% (45)	19% (12)
Nothing to add/positive experience	22% (28)	35% (22)
Improved communications	22% (29)	21% (13)
Understanding organisational context	18% (23)	6% (4)
Increase audit and local body staff resources	13% (17)	13% (8)
Reduce cost of audit	10% (13)	17% (11)
Other	8% (11)	10% (6)

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

Several respondents highlighted the need for auditors to improve timeliness and resourcing. They also called for the early provision of information on fee variations, report sign-off, the audit plan or approach, as well as earlier reporting of findings to committees and completion of the audit soon after the year end:

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

> "The audit team could have been more active with the information provided before the accounts were complete. Information was requested early and then not looked at until later in the audit, this meant the team spent unnecessary time producing info whilst they were trying to finalise the accounts and meet key deadlines."

"More proactive in communication, done the work needed to give an opinion, been resourced their end to deliver the audit work instead of taking four months…not used backstop as a reason to not do the work...."

"Less work on PPE and pensions but this requires changes to auditing standards. This adds no value to the organisation but is at a significant cost."

"Should have focused more on the key balances to help build back audit assurance, rather than easier but trivial areas."

"Greater focus on financial resilience, financial sustainability. Reduce focus on technical compliance and audit testing and retesting regardless of materiality and value to user of the accounts."

"There was no transparency on the extra fees charged and was wholly unjustified over and above the base fees. The audit was NOT completed …and conclusions and audit reports issued without the necessary completion as agreed."

"There is nowhere in the survey (other than one question) to address fee variations. These continue to be exorbitant and…largely unjustified and not supported with valid evidence. There needs to be more control over auditors seeking to add tens of thousands of pounds to audit fees."

Some respondents reported positive experiences or had no further comments. They highlighted responsive auditors, early focus on key areas, and strong working relationships with their audit teams:

"Nothing I can think of - we have a really positive relationship with our current auditors which has made the whole audit process much easier to manage."

"A positive audit that, through the dedicated and proactive work of both the internal accountancy team and the auditors, achieved the target deadline for completion."

> "I think the audit team were very proactive and helpful with giving advice to help achieve the audit moving through smoothly."

Respondents highlighted the need to improve communication and strengthen working relationships through greater engagement, openness, and transparency. They also called for clearer, less technical language, simpler reports, and better understanding of the specific context and challenges faced by bodies:

> "A lack of communication throughout the small window of time allocated to undertake the audit led to very little being achieved for the 2024/25 audit. The late clarification of the approach to building back led to an overall lack of progress."

> "The audit reports (AFR, AAR, ISA260 etc) are written in a way that is very hard to follow (legal jargon…etc). The reports could be simplified a great deal, which would be of benefit to those charged with governance."

> "Better understood our unique challenges."

> "As a newly formed organisation…we do not feel that audit arrangements and approach recognised the emerging nature of the organisation. In some instances, judgements around weaknesses and internal processes and controls did not take into account our newness and we were considered in the same way as a local authority that had stood for many years."

Section Two – Topical matters

Local audit reform and building back assurance

The English Devolution and Community Empowerment Bill was published in July 2025 and enables the overhaul of the local audit system including establishing the Local Audit Office (LAO).

Respondents were asked if they had received sufficient information about the overhaul.

Table 27 shows that 70 per cent of Directors of Finance selected a response of ‘to a great or moderate extent’, compared to 61 per cent of Audit Committee Chairs.

Table 27: To what extent have you received sufficient information about the overhaul?

	Directors of Finance	Audit Committee Chairs
To a great or moderate extent	**70%**	**61%**
To a great extent	19%	20%
To a moderate extent	51%	41%
To a small extent	21%	28%
Not at all	9%	11%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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	75% (6)	43% (3)
Bishop Fleming	44% (4)	80% (4)
Ernst & Young	79% (41)	45% (9)
Forvis Mazars	66% (27)	65% (11)
Grant Thornton	65% (35)	68% (25)
KPMG	76% (19)	62% (8)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

The local audit reform strategy includes a process of building back assurance following the issuing of modified and disclaimed opinions due to the audit backlog solution. Respondents were asked if they received sufficient information about the process of building back assurance.

Table 29 and Figure 6 show that 58 per cent of Directors of Finance selected a response of ‘to a great or moderate extent’, compared to 64 per cent of Audit Committee Chairs.

Table 29: To what extent have you received sufficient information about the process of building back assurance?

	Directors of Finance	Audit Committee Chairs
To a great or moderate extent	**58%**	**64%**
To a great extent	20%	27%
To a moderate extent	38%	37%
To a small extent	26%	17%
Not at all	4%	5%
Not applicable	11%	14%

Base: Directors of Finance (189), Audit Committee Chairs (99).

Figure 6: To what extent have you received sufficient information about the process of building back assurance?

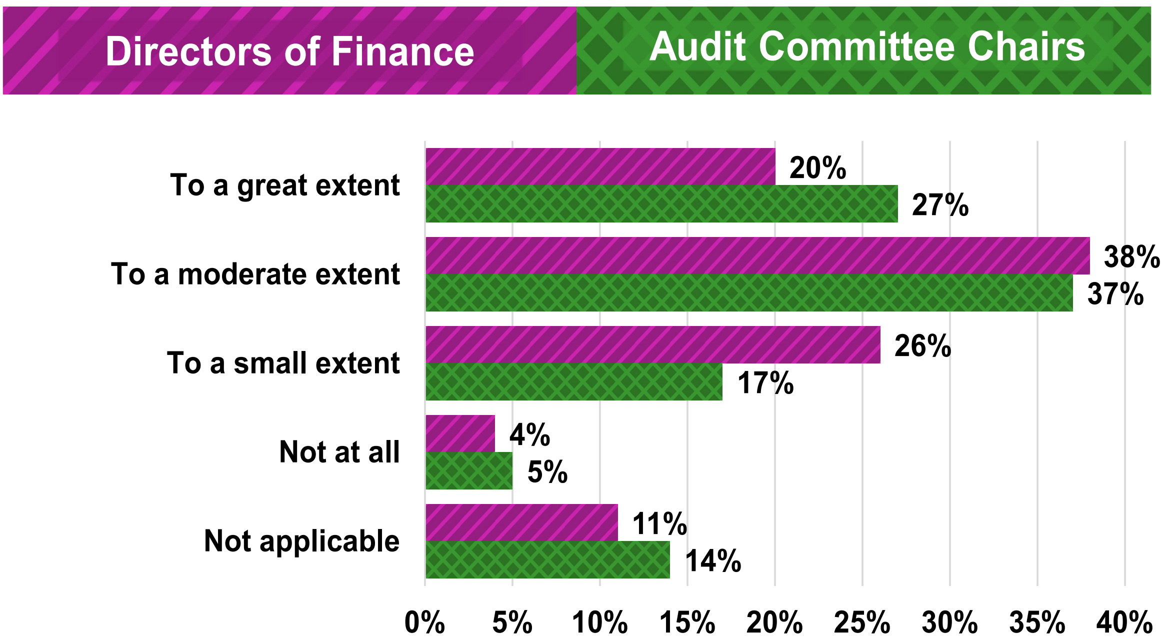


Table 30 shows the percentage of Directors of Finance and Audit Committee Chairs that selected a response of ‘to a great or moderate extent’ by auditor.

Table 30: Percentage selecting to ‘a great extent’ or ‘moderate extent’ analysed by auditor

Auditor	Directors of Finance	Audit Committee Chairs
Azets	75% (6)	86% (6)
Bishop Fleming	44% (4)	60% (3)
Ernst & Young	65% (34)	65% (13)
Forvis Mazars	46% (19)	71% (12)
Grant Thornton	57% (31)	57% (21)
KPMG	64% (16)	62% (8)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25). All Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Respondents were asked from which organisations they received information on the overhaul of the local audit system and/or building back assurance. The majority of Audit Committee Chairs (73 per cent) selected their auditors as their main source of information, whilst 70 per cent of Directors of Finance said Ministry of Housing, Communities and Local Government (MHCLG). The full breakdown is shown in Table 31.

Table 31: From which organisations have you received information on the overhaul of the local audit system and/or building back assurance?

	Directors of Finance	Audit Committee Chairs
Ministry of Housing, Communities and Local Government (MHCLG)	70%	20%
Financial Reporting Council (FRC)	8%	3%
National Audit Office (NAO)	22%	17%
Chartered Institute of Public Finance and Accountancy (CIPFA)	54%	30%
Your auditor	67%	73%
PSAA	56%	28%
None of the above	6%	16%

Base: Directors of Finance (189), Audit Committee Chairs (99).

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 31 by auditor.

Table 32: From which organisations have you received information on the overhaul of the local audit system and/or building back assurance? Analysed by auditor (Directors of Finance)

	AZ	BF	EY	FM	GT	KPMG
Ministry of Housing, Communities and Local Government (MHCLG)	88% (7)	44% (4)	85% (44)	51% (21)	65% (35)	84% (21)
Financial Reporting Council (FRC)	0% (0)	0% (0)	15% (8)	5% (2)	6% (3)	8% (2)
National Audit Office (NAO)	25% (2)	22% (2)	21% (11)	22% (9)	19% (10)	28% (7)
Chartered Institute of Public Finance and Accountancy (CIPFA)	63% (5)	44% (4)	62% (32)	49% (20)	52% (28)	52% (13)
Your auditor	50% (4)	44% (4)	83% (43)	66% (27)	65% (35)	56% (14)
PSAA	38% (3)	44% (4)	65% (34)	46% (19)	59% (32)	56% (14)
None of the above	0% (0)	22% (2)	4% (2)	15% (6)	2% (1)	4% (1)

Base: all Directors of Finance respondents - Azets (8), Bishop Fleming (9), Ernst & Young (52), Forvis Mazars (41), Grant Thornton (54) and KPMG (25).

Audit Committee Chairs were asked the same question. The full breakdown is shown in Table 33 by auditor.

Table 33: From which organisations have you received information on the overhaul of the local audit system and/or building back assurance? Analysed by auditor (Audit Committee Chairs)

	AZ	BF	EY	FM	GT	KPMG
Ministry of Housing, Communities and Local Government (MHCLG)	14% (1)	20% (1)	25% (5)	18% (3)	19% (7)	23% (3)
Financial Reporting Council (FRC)	0% (0)	0% (0)	5% (1)	6% (1)	3% (1)	0% (0)
National Audit Office (NAO)	0% (0)	20% (1)	10% (2)	24% (4)	22% (8)	15% (2)
Chartered Institute of Public Finance and Accountancy (CIPFA)	29% (2)	60% (3)	20% (4)	29% (5)	38% (14)	15% (2)
Your auditor	86% (6)	40% (2)	70% (14)	76% (13)	78% (29)	62% (8)
PSAA	43% (3)	40% (2)	20% (4)	41% (7)	24% (9)	23% (3)
None of the above	0% (0)	0% (0)	25% (5)	18% (3)	14% (5)	23% (3)

Base: all Audit Committee Chair respondents - Azets (7), Bishop Fleming (5), Ernst & Young (20), Forvis Mazars (17), Grant Thornton (37) and KPMG (13).

Additional comments about local audit reform, the Local Audit Office and building back assurance

Respondents were invited to provide additional comments if they wished to do so. We specifically sought views on the overhaul of the local audit system, the creation of the Local Audit Office (LAO), and building back assurance.

A third (33 per cent) of Directors of Finance (62) provided a comment, as did 30 per cent (30) 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 34.

Table 34: Any additional comments

Key themes	Directors of Finance	Audit Committee Chairs
Need for information, clarity and consistency	29% (18)	27% (8)
Cost, bureaucracy and burden of audit process	21% (13)	23% (7)
Building back assurance concerns	21% (13)	7% (2)
Time taken to overhaul	11% (7)	27% (8)
VfM and relevance of audit	15% (9)	0% (0)
Concerns relating to local government reorganisation (LGR)	10% (6)	7% (2)
No impact/current system effective	5% (3)	10% (3)
Other	16% (10)	20% (6)

Base: Directors of Finance (62), Audit Committee Chairs (30).

Nearly a third of Directors of Finance (29 per cent) and Audit Committee Chairs (26 per cent) called for more detailed information and guidance. This included clearer timelines for reforms (including LGR), more communication from auditors, greater clarity on how the system will work in practice, and on the role and remit of the LAO:

> "It will be interesting to see how this process works in LGR areas where different authorities are at different stages of recovery, particularly with regard to opening balances for new unitaries."

> "The build-back process has been discussed to an extent but there remains a lack of clarity over the process, timescale, auditor input, and why this is separately chargeable..."

> "As a policing body we often get forgotten as being part of the local audit system so don't seem to get included in the communications regarding the changes to the system."

> "I welcome the…Local Audit Office: a more consistent approach across the sector - greater clarity and consistency in technical interpretation and advice - a trusted organisation to support both auditors and authorities. Reforms must address the current imbalance and rebuild trust and relationships."

> "…how the creation of the Local Audit Office will interact with LGR in terms of appointed auditors and anticipated fees."

Twenty-seven per cent of Audit Committee Chairs commented on the pace of audit reform, with some recognising it will take time and others urging faster progress:

> "Supportive of these changes - need to move forward at pace."

> "It still feels like the build back process is progressing slower than it should be with a lack of urgency both from national stakeholders and audit firms."

Twenty-one per cent of Directors of Finance had concerns about the building back of assurance process, saying it needed to be simple and clear. Some said that it had progressed too slowly, that there was insufficient capacity, and that the process had changed the relationship with external auditors:

> "Building back assurance needs to be resolved in a pragmatic way very quickly, especially given the number of areas going through reorganisation, if this is not the case it is likely that the progress made will slip back as councils transition to the new authorities."

> "Our auditor seems to be waiting for central guidance with regards to building back assurance on specific areas such as reserves, rather than proactively trying to build assurance…We hope more work can be done in 2025/26 to move to an unmodified opinion…but this hasn't been communicated yet."

> "The changes will not be as effective without sufficient skills and capacity in the audit market."

> "Councils need more time and more flexibility...Employing more internal auditors is not only difficult but is expensive for councils on tighter…budgets."

> "The build back process has changed the relationship with external audit to one of more conflict and less partnership."

Respondents called for a simplified audit that delivers better value for money, builds confidence in local government finances, and creates a system that is fit for purpose:

> "Needs to be done in collaboration with simplifying audit requirements."

> "Audit should be focused towards information that would be of greater interest to the readers of the audit reports (the taxpayer)."

> "We need an audit system that is fit for purpose for local authorities."

> "It is desperately needed to ensure confidence in local government finance and the audit process."

Section Three - Firm specific questions

This section will be fed back confidentially to each of the firms.

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