

08 May 2019

PSAA Limited  
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Dear Jim,

I am contacting you in connection with EY's recent communication concerning its decision to delay your audit beyond 31 July.

PSAA is disappointed that this situation has arisen and that EY has concluded that it needs to reschedule your audit. This is the first year of our new contracts with audit firms, and EY is an important audit supplier to local government. It bid for and succeeded in winning a larger portfolio of audits. At the time of awarding the contract we were confident that EY was able to deliver that portfolio by the expected deadline. However it has experienced recent high levels of attrition and difficulties in recruiting to replace a number of Government and Public Services trained staff, sufficient to resource and deliver audits that meet the required quality standard within the tight timescale to 31 July.

We are sorry that this is the position on your audit. We recognise that your staff and members will have planned on the basis of the 2018/19 accounts being audited by the end of July, and that adjusting to a new timetable may cause inconvenience. EY has spoken with you with a view to agreeing the best way forward, taking into account your individual circumstances and preferences. We appreciate that this is a less than ideal solution but, unfortunately, there are no practical alternative options available.

EY's decision to reschedule some audit visits is driven by the fundamental need to ensure that the requirements of relevant professional standards are met, enabling the right opinion on the accounts and conclusion on VFM arrangements. We are in close contact with EY regarding the rescheduled audits being completed as soon as is practicable, consistent with the revised audit timetables agreed with you and the other affected bodies. EY has explained to us its action plan designed to ensure both that as many audits as possible do meet the 31/7 target date, and also to ensure that similar problems do not arise in future years. This includes that recruitment efforts progress as rapidly as possible. We will check with EY on its progress in implementing the action plan on a regular basis.

We understand that EY has discussed with you paragraph 10 of the Accounts and Audit Regulations. This sets out that you will be in compliance with those regulations if you publish an explanation of why audited accounts are not available by 31 July 2019. This follows on from the requirement to publish the full pre-audit statements and Annual Governance Statement by 31 May, enabling the 30 working days for the public inspection to include the first 10 working days of June.

We appreciate that you may be concerned about how not publishing your 2018/19 audited accounts by 31 July 2019 will be reported. For our part, PSAA will ensure that in any report we may issue that the reasons for delays will be clearly explained.

If you would like to discuss your authority's position or any of the issues referred to in this letter, or if PSAA can assist you in any other way, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Crawley', written in a cursive style.

Tony Crawley  
Chief Executive  
PSAA Ltd