



Local public audit complaints

Background

The Local Audit and Accountability Act 2014 (the Act) came into force on 31 January 2014. The Act abolished the Audit Commission and established new arrangements for the audit and accountability of local public bodies in England. Under the new framework, local government and health bodies are able to procure and appoint their own auditors.

The FRC granted ICAEW a recognition order to be a recognised supervisory body (RSB). This came into force on 1 November 2015. Under this framework, ICAEW is one of the RSBs responsible for the licensing and registering of auditors who carry out audits of local public bodies. Monitoring of auditors is the responsibility of either the FRC or the RSBs depending on the size of the local public bodies being audited (with the FRC responsible for the monitoring of **Major Local Audits**).

Local auditors are required to be registered with an RSB for the audit of accounts of health bodies for the 2017/18 financial year and for the audit of accounts of local government bodies for the 2018/19 financial year.

You can find a list of those registered local auditors and key audit partners at [icaew.com/localaudit](https://www.icaew.com/localaudit). Should you need to confirm the identity of your local auditor, you should be able to do so via the website of the relevant local public body. This is because the Act requires the relevant authority to publish a notice that:

- states that it has made the appointment;
- identifies the local auditor that has been appointed;
- specifies the period for which the local auditor has been appointed;
- sets out the advice, or a summary of the advice, of its auditor panel about the selection and appointment of a local auditor; and
- if it has not followed that advice, sets out the reasons why it has not done so.

General

If a firm signs an audit report as a registered local auditor, it must comply with the regulations of the body with which it is registered under the Act. The firm's notepaper should show the name of the firm's registering body. If you're not sure, consult the local public audit register at [icaew.com/localaudit](https://www.icaew.com/localaudit) or call +44 (0)1908 248520 to find out which body registers the firm. If you're unable to resolve your complaint directly with the audit firm and it is registered with ICAEW, please contact us and we will consider your complaint.

If you believe the financial statements of a local government body don't show a true and fair view, you have certain rights if you are a local resident or an interested person or journalist. These are set out in the publication **Local authority accounts: A guide to your rights**.

So that we can review your complaint as quickly as possible, please provide as much information as possible in the complaint form. You will also need to send us all your documentary evidence with the complaint form. Please email your completed form and evidence to us at complaints@icaew.com.

Please be aware the ICAEW member, firm or student who is the subject of the complaint will need to be shown any material relevant to the complaint if we are to use it. If you are not able to email the documents, please send your completed form and documentary evidence to:

Professional Conduct Department
ICAEW
Metropolitan House
321 Avebury Boulevard
Milton Keynes MK9 2FZ
UK

For further guidance about how we investigate complaints, [please read our booklet](#).

Health

The relevant RSBs general approach will be followed.

LOCAL GOVERNMENT

Opted-in authorities

The Secretary of State for Communities and Local Government specified PSAA, in July 2016, as an appointing person under provisions of the Local Audit and Accountability Act 2014 to perform the functions of an Appointing Person under the Local Audit (Appointing Person) Regulations 2015. PSAA's specification is in relation to principal local government and police bodies only.

Under Regulation 7(b)(iii) of the Local Audit (Appointing Person) Regulations 2015, PSAA must have an appropriate system to resolve disputes or complaints from local auditors, opted in authorities and local government electors relating to audit contracts and the carrying out of audit work by auditors it has appointed.

If PSAA, the FRC or RSBs receive a complaint that has not already been investigated by the relevant audit firm, it will ask the complainant whether the complainant has approached the firm, in the first instance, to deal with the complaint in accordance with the firm's complaints process. Where possible, complaints should be progressed through all stages of the firm's own complaints process first, until either a satisfactory resolution is found, or it is clear that the firm will be unable to resolve matters.

For serious misconduct issues, where the complainant is unable to go through the firms' complaint processes, the RSB will undertake an initial review using their complaints and investigation processes. They will consider together with the FRC whether the issue is of sufficient importance for the matter to be investigated by the FRC.

PSAA's responsibilities in relation to complaints are limited to issues in relation to the audit contracts under the Local Audit (Appointing Person) Regulations (SI 2015 no.192) (Regulation 7) which states that:

‘an appointing person must resolve disputes or complaints from local auditors, opted in authorities and local government electors relating to audit contracts and the carrying out of audit work by auditors it has appointed.’

PSAA will deal with complaints about audit fees as under the Appointing Person Regulations these fees are set by PSAA. ICAEW is not able to get involved with resolving fee disputes. This is because the relevant member or firm has not neglected to comply with ICAEW standards, guidance or regulations. In this instance, we recommend you seek your own legal advice. **Further guidance about fee disputes is available.**

PSAA cannot:

- interfere with an appointed auditor’s exercise of his or her professional skill and judgement in performing his or her statutory functions;
- substitute its own judgements for those of an appointed auditor in the exercise of those functions; and
- direct an appointed auditor to act or to review his or her decisions, as only the courts have the powers to do so.

PSAA will therefore not consider complaints about:

- the judgements and decisions of auditors;
- the processes followed by auditors of local authorities who are exercising their specific powers in relation to electors’ objections to items in a council’s accounts, as this is a matter for the courts. This extends not just to decisions about matters of substance, but also to the process by which those decisions are made.

If not relevant to PSAA’s local audit responsibilities, the FRC or RSBs will consider whether there are grounds for a complaint under their respective bye-laws.

Opted-out authorities

The relevant RSBs general approach will be followed.