

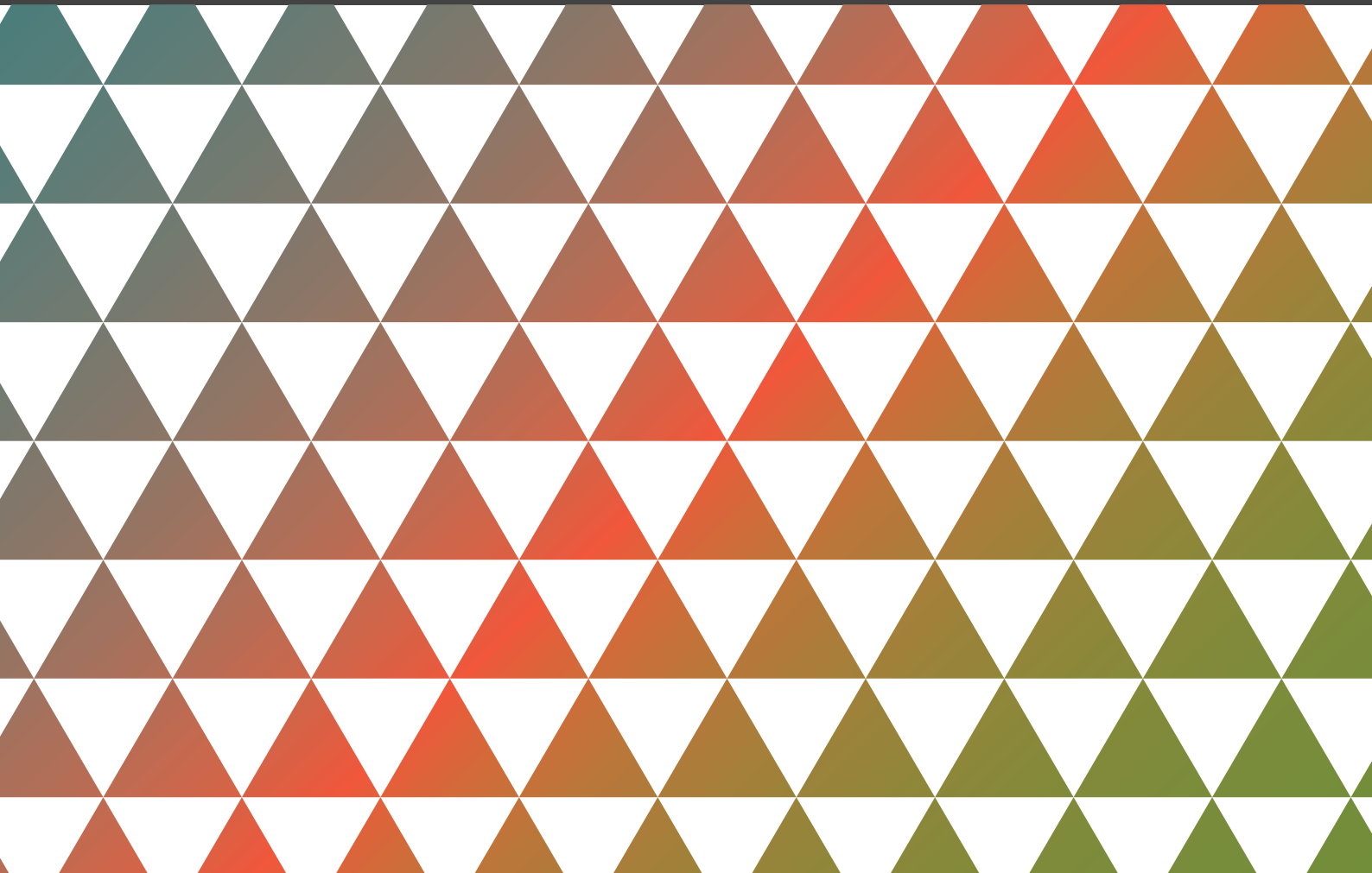
August 2019

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Consultation on Fee Scales 2020-21



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



Overview

This consultation invites views and comments on the Wales Audit Office's proposals for fee rates and other aspects of the statutory fee regime for audit work.

Following the consultation, the Wales Audit Office will submit a Fee Scheme 2020-21 with its Estimate 2020-21, for consideration by the National Assembly's Finance Committee this autumn. The Fee Scheme is prepared under section 24 of the Public Audit (Wales) Act 2013. The proposals in this consultation are dependent on approval by the National Assembly for Wales of that Estimate and Fee Scheme.

How to respond

Please respond by 13 September 2019

Responses can be sent to the following address:

Fee scales consultation
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Or completed electronically and sent by email to:

info@audit.wales

If you require this publication in an alternative format and/or language please contact us using the details provided above or by telephone on 029 2032 0500.

Publication of responses – confidentiality and data protection

Information provided in response to this consultation may be published or disclosed in accordance with access to information legislation (chiefly the Freedom of Information Act 2000, but also data protection legislation, including the General Data Protection Regulation, and the Environmental Information Regulations 2004).

If you want any information you provide to be treated as confidential, you should tell us why you regard the information you have provided as confidential. If we receive a request for disclosure of information we will take full account of your explanation, but we cannot give any assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Auditor General or the Wales Audit Office.

Personal data will be processed in accordance with data protection legislation. Where such data falls within the scope of a request for information from another person, the provisions of data protection legislation and the Freedom of Information Act will need to be considered in the particular circumstances. While no situation can be prejudged, this is likely to mean that information concerning senior officials and public figures is likely to be disclosed while the names and addresses of ordinary members of the public are likely to be withheld.

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Consultation



Message from our Director of Finance

You will be familiar with our annual consultation on fee scales, which we do in tandem with preparing our annual budget estimate for discussion with the Assembly's Finance Committee.

We've been receiving fewer and fewer responses each year, so we are keeping this consultation (which we are required to do by law) as simple and cost-effective as possible. Legislation requires that the fees we charge

may not exceed the full cost of exercising the function to which the fee relates. We set our audit fees based on our estimated cost base, the estimated skills mix for audit work and the estimated number of days required to complete the work. We do not and cannot make profits on our work.

The key consultation message for audited bodies is that the Wales Audit Office Board and Auditor General for Wales are determined to contain audit fees. Most public services have seen real-terms reductions in their audit fees over the past four years, unless local circumstances have justified otherwise. We remain committed to reducing fees where we can do so through audit efficiencies and by containing our operating costs. Our Engagement Directors will discuss audit-specific fees with each body as we approach the next audit year. We also plan to continue to provide access to the National Fraud Initiative on a free-of-charge basis.

Since 2014, the average hourly rate for our work, considering staff skills mix, has reduced by almost £2 per hour, a real terms reduction of 13%. The National Assembly has also agreed to our request to fund an unexpected and significant increase in employers' pension contributions for the Civil Service Pension Scheme, rather than requiring us to increase fees to recover the additional costs.

All our assumptions are dependent on the Assembly Finance Committee's consideration of our Estimate (budget) for 2020-21 and our draft Fee Scheme, which will take place this November. The Committee scrutinises us on our spending, performance and budget plans. Further information on the work that we do and our costs/income is provided in our [Annual Report and Accounts 2018-19](#) and our [Annual Estimate](#) for the current year.

The remainder of this document provides the fee scales for local government bodies. The scales show the range of fees we expect to charge for a typical audited body in that sector (although the actual fee for any given body is dependent on local circumstances). Legislation requires fee scales for local government bodies and the National Fraud Initiative (also in [Appendix 1](#)), but they are not required for any other sector.

I would very much welcome your response to this consultation by 13 September to inform our Board discussion on the draft Fee Scheme and Estimate in September.

Many thanks

Steve O'Donoghue

Appendix 1

Fee scales for work undertaken under the National Fraud Initiative (data matching)

We invite your views on continuing participation in the National Fraud Initiative (NFI) on a nil-fee basis.

- 1 We are required to consult on and prescribe scales of fees for data matching for mandatory participants in the NFI. The Auditor General conducts the NFI using his statutory data-matching powers under Part 3A of the Public Audit (Wales) Act 2004.
- 2 The NFI matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. The NFI has been a highly effective tool in detecting and preventing fraud and overpayments. Since its commencement in 1996, NFI exercises have resulted in the detection and prevention of more than £30 million of fraud and overpayments in Wales and £1.3 billion across the UK.
- 3 Since April 2015, the National Assembly has met the costs of running the NFI through payment from the Welsh Consolidated Fund as approved through the Wales Audit Office's Estimate. This is intended to encourage participation of organisations on a voluntary basis and also simplifies arrangements for mandated participants. As required by legislation, the fees for mandatory participants are shown in [Exhibit 1](#).

Exhibit 1: NFI fees

	Fee 2020-21
Unitary authority; police and crime commissioners and chief constables; fire and rescue authorities; NHS trusts; local health boards.	Nil
Voluntary participants	Nil
All participants may also be provided with access to the NFI Application Checker (App Check)	Nil

Fee scales for Local Government bodies

We invite your views on the proposed fee scales which will apply to Local Government bodies for the audit of accounts 2019-20 and for 2020-21 Performance audit work.

Unitary authorities

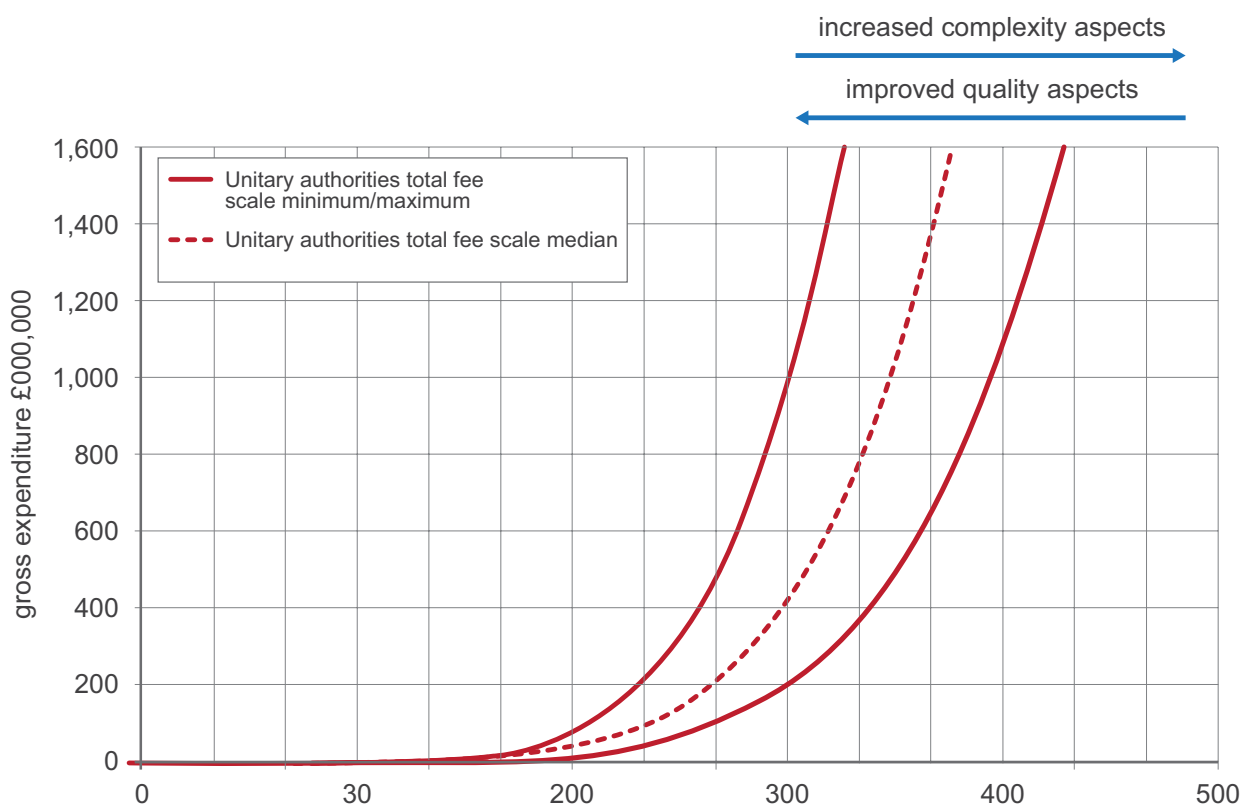
Exhibit 2: fee scale for the audit of 2019-20 accounts

Gross Expenditure £m	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
100	113	133	153	138
200	136	161	185	166
300	152	179	206	185
400	164	193	222	199
500	174	205	236	211
600	183	215	247	222
700	190	224	258	231
800	197	232	267	240
900	204	240	276	247
1,000	209	246	283	254
1,100	215	253	291	261
1,200	220	259	297	267

Exhibit 3: fee scale for 2020-21 performance audit work

All unitary authorities	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
	93	101	112	99

Exhibit 4: graphic of total fee scale for unitary authorities



Local government pension funds

Exhibit 5: fee scale for audit of 2019-20 accounts

All pension funds	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
	30	41	48	40

Fire and rescue authorities

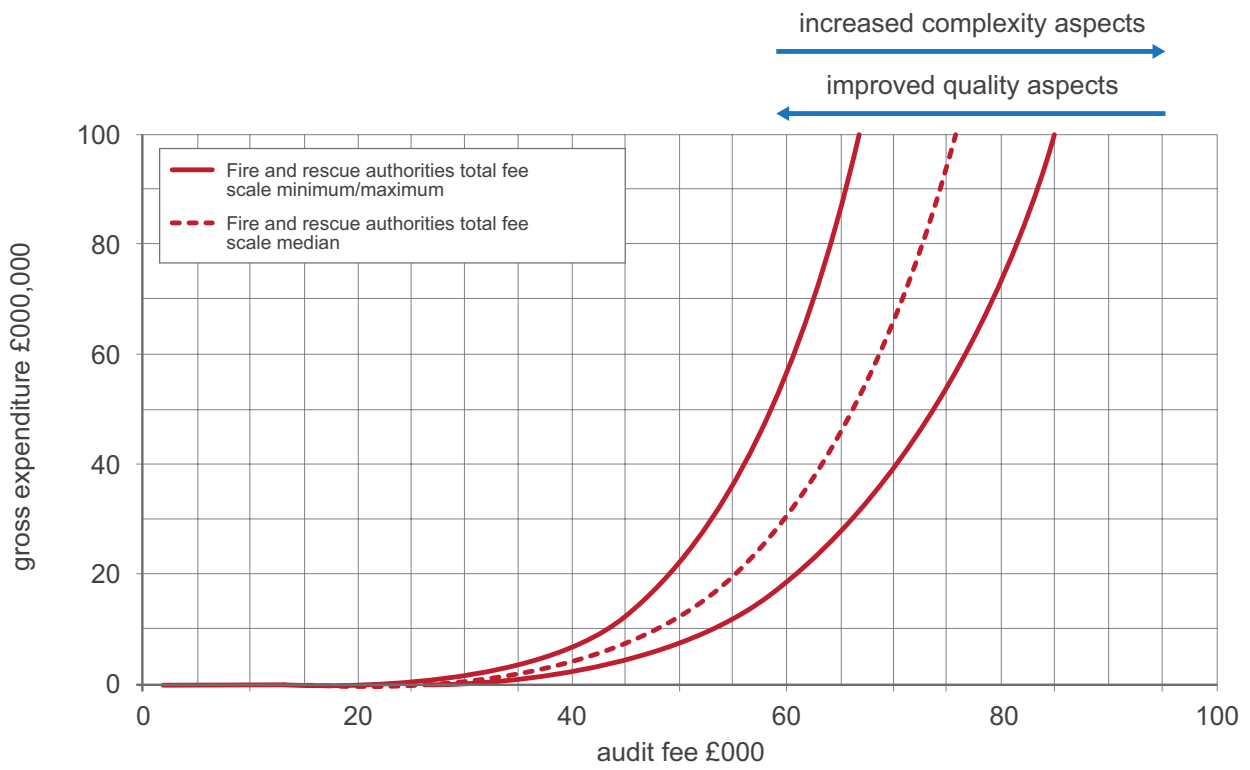
Exhibit 6: fee scale for audit of 2019-20 accounts

Gross Expenditure £m	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
20	33	39	45	40
40	40	47	54	49
60	45	52	60	54
80	48	57	65	58
100	51	60	69	62

Exhibit 7: fee scale for 2020-21 performance audit work

All fire and rescue authorities	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
	16	16	16	16

Exhibit 8: graphic of total fee scale for fire and rescue authorities



National park authorities

Exhibit 9: fee scale for audit of 2019-20 accounts

Gross Expenditure £m	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
2	21	24	28	25
4	25	29	34	30
6	28	32	37	34
8	30	35	40	36
10	32	37	43	38

Exhibit 10: fee scale for 2020-21 performance audit work

All national park authorities	Fee range			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
	14	17	19	17

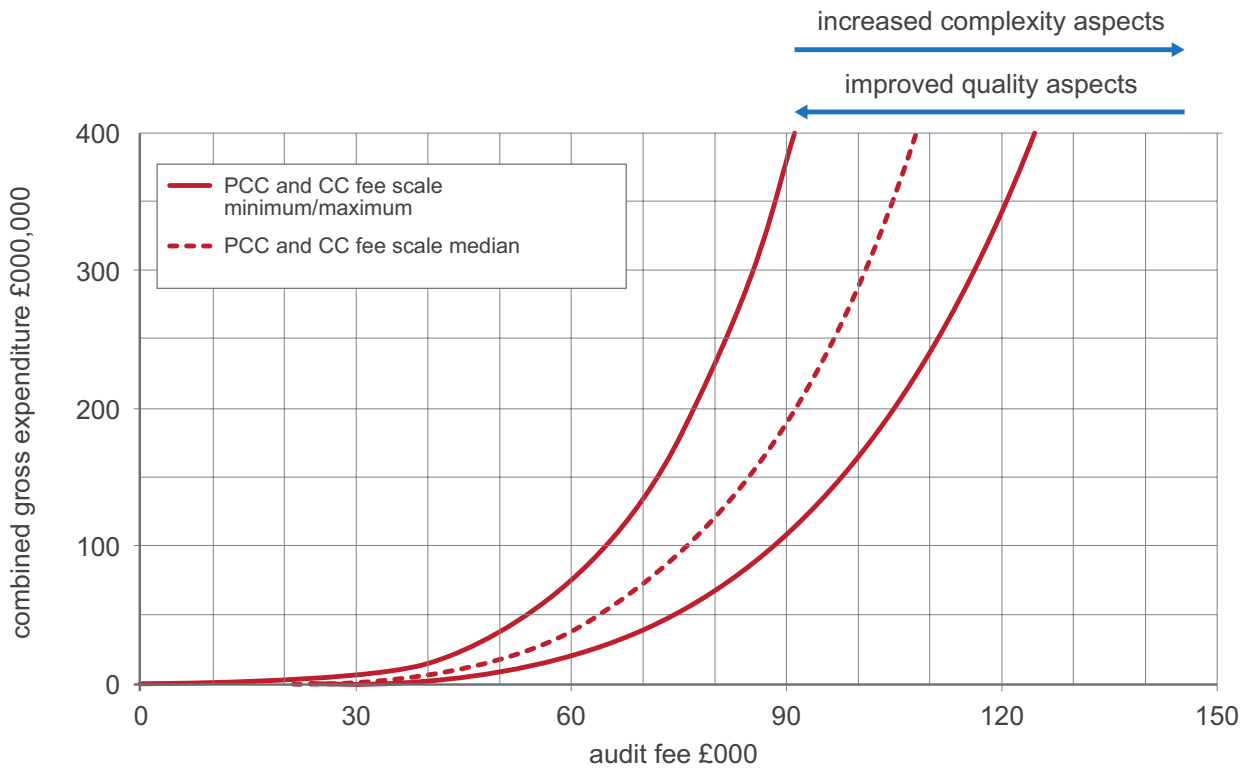
Police and Crime Commissioners

Auditors undertake audits of two statutory bodies in a police area – the Police and Crime Commissioners (PCCs) and the Chief Constables (CCs). The split of the total fee between the two bodies in a particular police area will be a matter for auditors to determine, based on accounting requirements and the operational arrangements put in place by each of the bodies.

Exhibit 11: fee scale for audit of 2019-20 accounts

Combined Gross Expenditure of PCC & CC £m	Combined fee range for PCC & CC			Previous Year Median £'000
	Minimum £000	Median £000	Maximum £000	
50	54	64	74	66
100	65	76	88	79
150	72	85	97	87
200	77	91	105	94
250	81	96	111	99
300	85	101	116	104
350	89	105	121	108

Exhibit 12: graphic of total fee scale for police and crime commissioners and chief constables



Town and community councils with annual income or expenditure under £2.5 million

Town and community councils in Wales are subject to a limited assurance audit regime. Since 2016-17, we have charged for this work on a time basis rather than the historical basis of a fixed fee according to expenditure/income bands.

The fee rate charges are as set out in [Exhibit 13](#).

In circumstances where the auditor requires further evidence to properly discharge their responsibilities, including following publication of a related public interest report, additional testing will be undertaken to address the auditor's concerns.

It is emphasised that the actual charge made to any particular body will be dependent on the time actually worked on that particular audit. The ranges provided in the table below are for indicative purposes only.

Exhibit 13: estimated time charges for the audit of 2019-20 accounts of town and community councils

Annual income or expenditure	Indicative baseline charge	Indicative upper range fee
£0 – £5,000	£140	£280
£5,001 – £100,000	£160	£320
£100,001 – £500,000	£200	£380
£500,001 – £2,500,000	£240	£460

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