

Consultation on Fee Scales 2021-22

November 2020

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

Following the consultation, Audit Wales will submit a Fee Scheme 2021-22 for consideration by the Senedd Finance Committee early in 2021.

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 Senedd.

How to respond

Please respond by 8 January 2021

Responses can be sent to the following address:

Fee scales consultation
Audit Wales
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 Audit Wales.

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

You will be familiar with our annual consultation on fee scales, which we are required to do for Local Government bodies but choose to consult more widely so that all stakeholders have an opportunity to respond to our fee proposals.

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.

At Audit Wales we are acutely aware of the impact that the global COVID-19 pandemic is having on our public services. We are responding to that by reducing our call on the Welsh Consolidated Fund (WCF) in 2021-22 and proposing no increase to our fee rates in this consultation.

The Wales Audit Office Board and I remain determined to contain audit fees whilst ensuring that our audit quality continues to meet rigorous standards.

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.

Our proposed fee rates for 2021-22 are unchanged from the current year and are set out in **Exhibit 1**.

Exhibit 1: proposed fee rates 2021-22

Grade	Rate (£ per hour) 2021-22	Rate (£ per hour) 2020-21
Engagement Director	162	162
Audit Manager	119	119
Audit Lead	96	96
Senior Auditor	77	77
Auditor	59	59
Graduate trainee	48	48
Apprentice	37	37

The Senedd Finance Committee scrutinises us on our spending, performance and budget plans and the assumptions in this consultation are subject to their approval of our Fee Scheme early in 2021.

Further information on the work that we do and our costs/income is provided in our [Annual Report and Accounts 2019-20](#) and our [Estimate for 2021-22](#).

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 with actual fees being set in response to local circumstances.

Proposed fee scales for local government bodies and the National Fraud Initiative are set out in **Appendix 1**. These are not are not required for any other sector.

I would very much welcome your response to this consultation by 8 January 2021 to inform the Senedd's review of our Fee Scheme later that month.

Many thanks

Adrian Crompton, Auditor General for Wales

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. Our last biennial [report](#) identified potential savings and over-payments of £8 million across Wales's public services, increasing cumulative savings to £42.9 million since 1996.
3. Since April 2015, the National Assembly has met the costs of running the NFI through payment from the Welsh Consolidated Fund. This is intended to encourage participation of organisations on a voluntary basis and to simplify arrangements for mandated participants. As required by legislation, the fees for mandatory participants are shown in **Exhibit 2**.

Exhibit 2: NFI fees

	Fee 2021-22
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

We invite your views on the proposed fee scales which will apply to Local Government bodies for the audit of accounts 2020-21 and for 2021-22 Performance audit work.

Fee scales for Local Government bodies

Unitary authorities

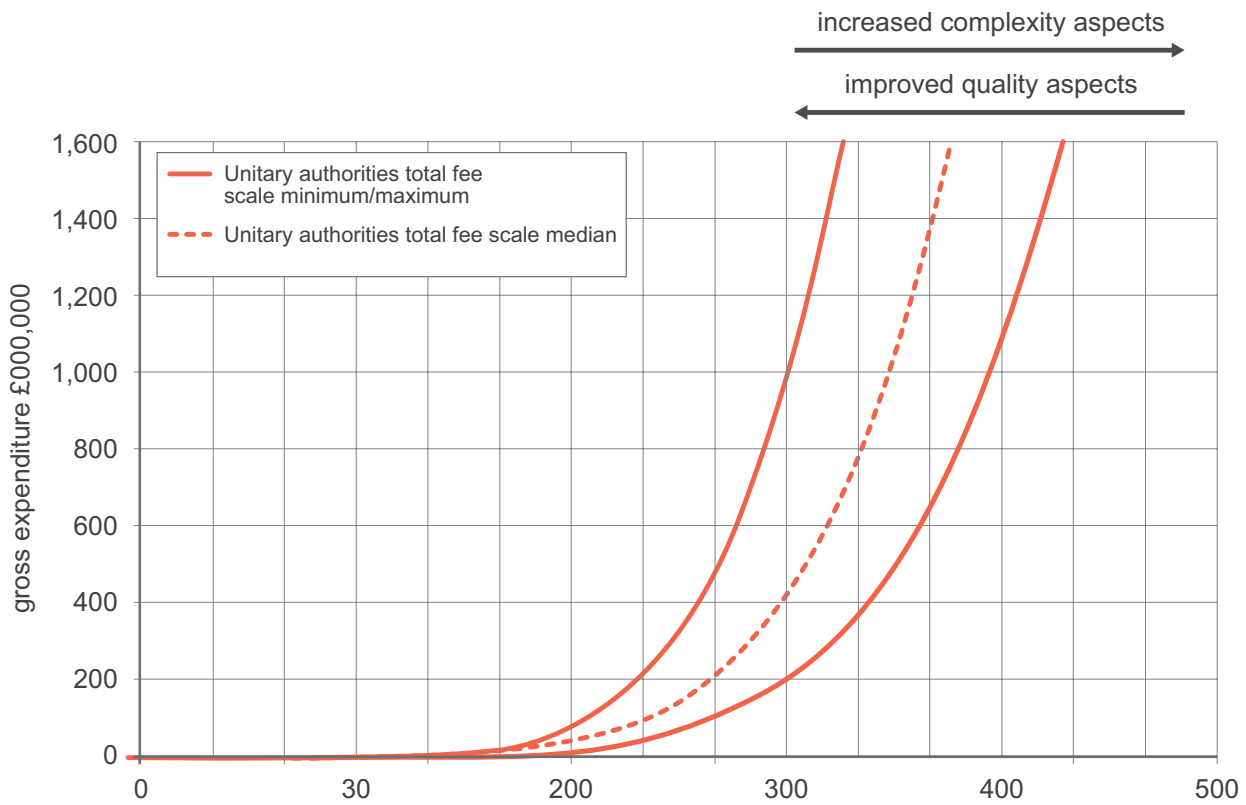
Exhibit 3: fee scale for the audit of 2020-21 accounts

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

Exhibit 4: fee scale for 2021-22 performance audit work

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

Exhibit 5: graphic of total fee scale for unitary authorities



Local government pension funds

Exhibit 6: fee scale for audit of 2020-21 accounts

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

Fire and rescue authorities

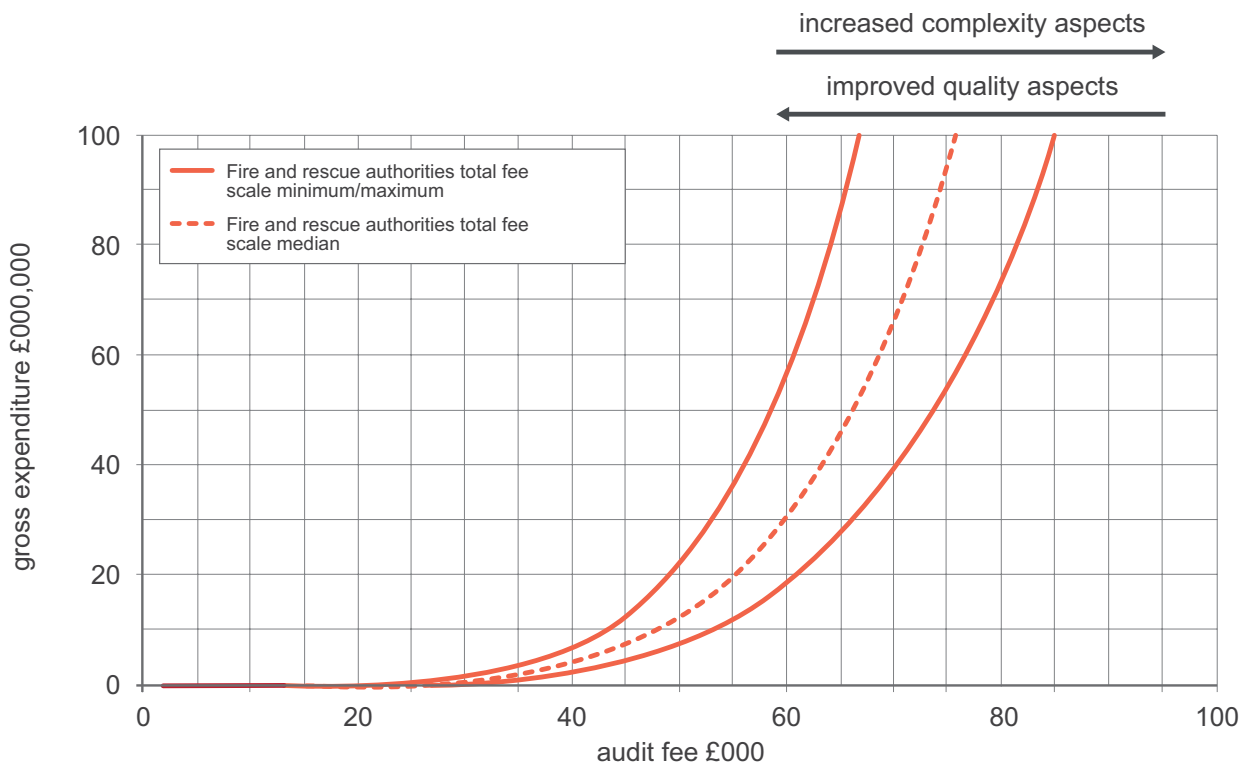
Exhibit 7: fee scale for audit of 2020-21 accounts

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

Exhibit 8: fee scale for 2021-22 performance audit work

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

Exhibit 9: graphic of total fee scale for fire and rescue authorities



National park authorities

Exhibit 10: fee scale for audit of 2020-21 accounts

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

Exhibit 11: fee scale for 2021-22 performance audit work

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

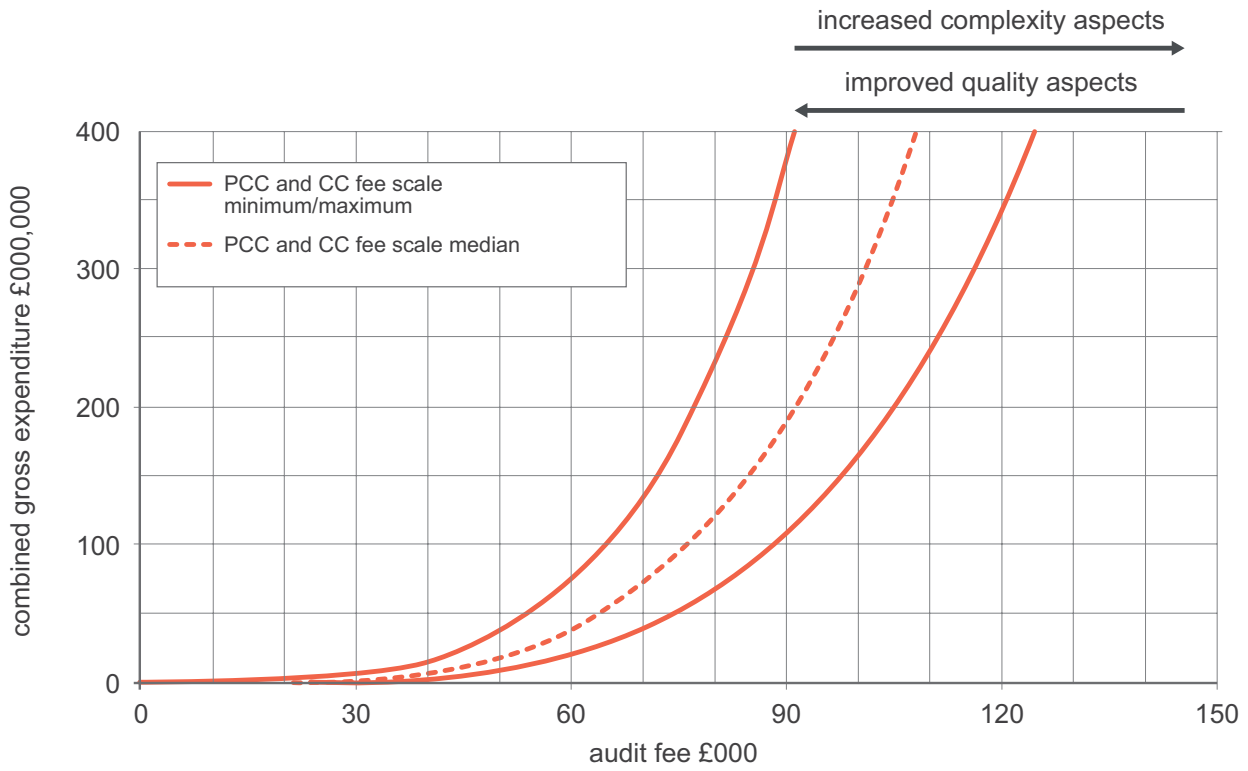
Police and Crime Commissioners

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 12: fee scale for audit of 2020-21 accounts

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

Exhibit 13: 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.

In January 2020, the Auditor General consulted on new audit arrangements to apply for the 2020-21 audits. In [tbc] 2020, the Auditor General published a paper setting out the changes that will be made to the audit arrangements from 2020-21 onwards where audits will be carried out on a three-year cycle as set out in **Exhibit 14**.

Exhibit 14: three-year audit cycle for town and community councils

	Group A	Group B	Group C
Year 1	Transaction testing	Limited procedures	Limited procedures
Year 2	Limited procedures	Transaction testing	Limited procedures
Year 3	Limited procedures	Limited procedures	Transaction testing

Charges for this work are based on time taken to complete the audit at fee rate charges as set out in **Exhibit 1** on page 5.

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 range of fees provided in **Exhibit 15** are for indicative purposes only.

Exhibit 15: estimated time charges for the audit of 2020-21 accounts of town and community councils

	Band 1 (<£10k)	Band 2 (<£25k)	Band 3 (<£50k)	Band 4 (<£100k)	Band 5 (<£500k)	Band 6 (>£500k)
Transaction audit	£140 - £170	£150 - £185	£215 - £260	£330 - £400	£585 - £700	£775 - £1,000
Limited procedures	£100 - £120	£125 - 150	£125 - £150	£190 - £230	£190 - £230	£190 - £230

Fee rates for other work in local government

Other than those types of bodies for which fee scales have been prescribed as shown above, there are a small number of other types of local government body where our prescription of the fee scale is a matter of converting the resource requirements into fees directly based on the costs of delivering the work or by applying the fee rates as set out in **Exhibit 1**. It remains the case that for audits of these bodies we apply a zero-based approach to audit planning.

For all types of local government body, to meet his statutory responsibilities, it is sometimes necessary for the Auditor General to carry out work which goes beyond general duties (those set out in section 17 of the Public Audit (Wales) Act 2004 and in section 15 of the Well-being of Future Generations (Wales) Act 2015). Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to elector challenge and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required.

Auditors may also undertake grant certification work at local government bodies on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are made on a per-hour basis and reflect the size, complexity or any issues in respect of the grant in question as set out in **Exhibit 16**.

Exhibit 16: estimates of the relative proportions of audit staff grades to be used for different types of grants work.

Grade of staff	Complex grants staff mix	All other grants staff mix
	%	%
Engagement director	1 to 2	0 to 1
Audit Manager	4 to 6	1 to 2
Audit Lead	18 to 21	12 to 16
Auditor/graduate trainee/apprentice	71 to 77	81 to 87

Complex grants include:

- BEN01 Housing and council tax benefits scheme
- LA01 National non-domestic rates return
- PEN05 Teachers' pensions return



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