

Consultation on Fee Scales 2022-23

November 2021

How to respond

Please respond by 8 January 2022

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 on 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.

Audit Wales remain determined to minimise 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. For 2021-22 we held both our fee rates and fee scales at 2020-21 rates.

As set out in our [Estimate for 2022-23](#), we need to make additional investment in audit quality to respond to recent UK-wide reviews of audit which have potential wide-ranging implications for the whole audit profession. These various reviews reflect increasing expectations of audit and of the quality of that audit.

We also need to respond to a legal ruling which means that we can no longer require our audit staff to undertake travel to client sites in their own time. Whilst our future ways of working will significantly reduce our requirement to travel, there will still be occasions where this will be necessary to complete our audit work.

Through the identification of cost savings and audit efficiencies we have managed to hold our fee scales at the same level since 2016, but due to the pressures mentioned above, we are having to pass on a 3.7% increase in fee rates and fee scales for 2022-23. We do however remain committed to minimising fees where we can do so through audit efficiencies.

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 2022-23 are set out in **Exhibit 1**.

Exhibit 1: proposed fee rates 2022-23

| Grade | Rate (£ per hour) 2022-23 | Rate (£ per hour) 2021-22 | Rate (£ per hour) 2020-21 |
|---------------------|--|--|--|
| Engagement Director | 163 | 162 | 162 |
| Audit Manager | 122 | 119 | 119 |
| Audit Lead | 100 | 96 | 96 |
| Senior Auditor | 84 | 77 | 77 |
| Auditor | 60 | 59 | 59 |
| Graduate trainee | 51 | 48 | 48 |
| Apprentice | 39 | 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 2022.

Further information on our work and our expenditure is provided in our [Annual Report and Accounts 2020-21](#).

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 required for any other sector.

I would very much welcome your response to this consultation by 8 January 2022 to inform the Senedd's review of our Fee Scheme.

Audit Wales are required to comply with Welsh Language Standards that provide for the Welsh language not to be treated less favourably to the English language. More information can be found on our [Welsh language arrangements on our website](#). When reviewing this consultation, we would welcome your views on whether you consider there to be anything in this consultation that undermines or supports this requirement. We would also welcome your thoughts on any revisions that could be made to support opportunities to use the Welsh language or ensure we do not treat the Welsh language less favourably than the English language.

Many thanks

Adrian Crompton, Auditor General for Wales

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

- 1 We invite your views on continuing participation in the National Fraud Initiative (NFI) on a nil-fee basis.
- 2 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.
- 3 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.
- 4 Since April 2015, the Senedd 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 2022-23 |
|---|--------------------|
| 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

- 5 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.

Unitary authorities

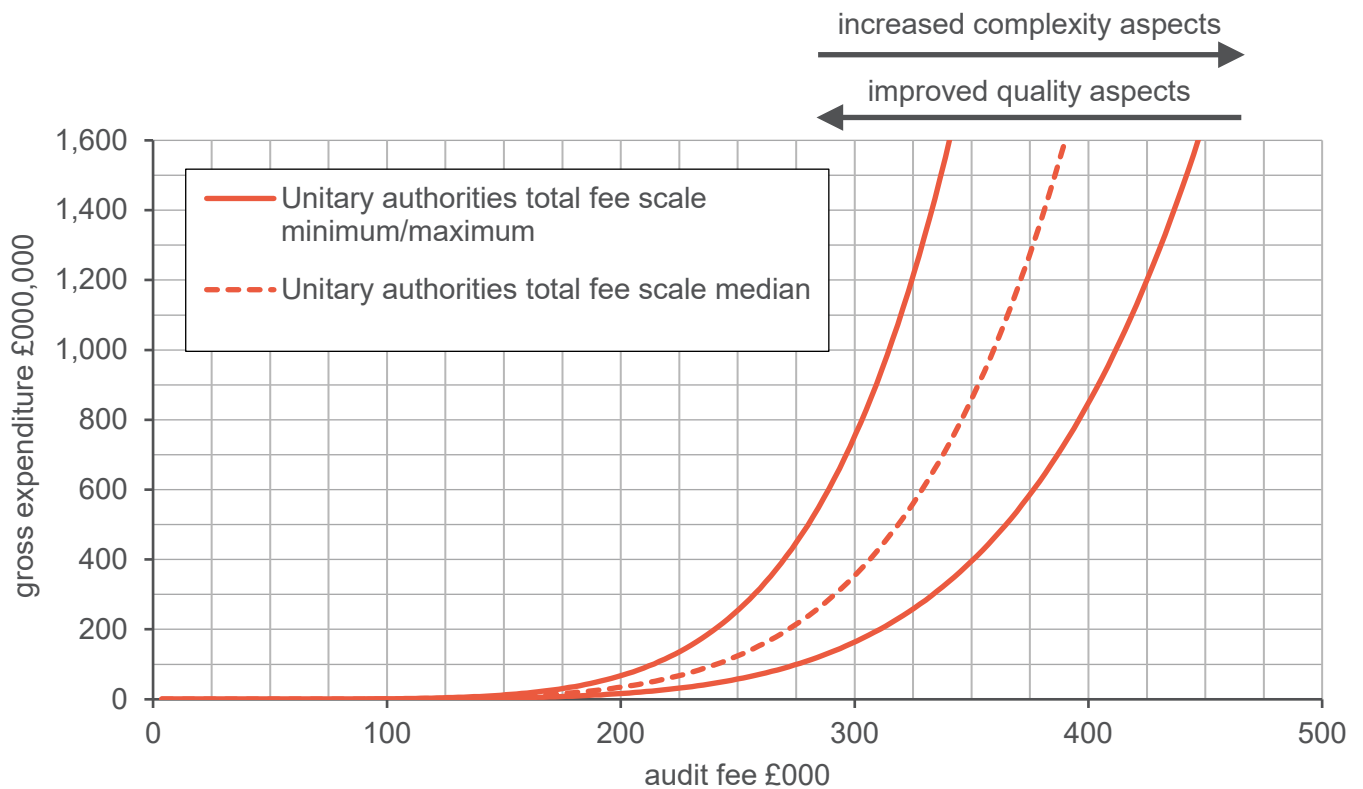
Exhibit 3: fee scale for the audit of 2021-22 accounts

| Gross Expenditure £m | Fee range | | | Previous Year |
|-------------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| 100 | 118 | 139 | 159 | 133 |
| 200 | 142 | 167 | 192 | 161 |
| 300 | 158 | 186 | 213 | 179 |
| 400 | 170 | 200 | 230 | 193 |
| 500 | 181 | 213 | 245 | 205 |
| 600 | 190 | 223 | 257 | 215 |
| 700 | 198 | 233 | 267 | 224 |
| 800 | 205 | 241 | 277 | 232 |
| 900 | 211 | 249 | 286 | 240 |
| 1,000 | 217 | 256 | 294 | 246 |
| 1,100 | 223 | 262 | 302 | 253 |
| 1,200 | 228 | 268 | 309 | 259 |

Exhibit 4: fee scale for 2022-23 performance audit work

| All unitary authorities | Fee range | | | Previous Year |
|-------------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| | 98 | 105 | 119 | 101 |

Exhibit 5: graphic of total fee scale for unitary authorities



Local government pension funds

Exhibit 6: fee scale for audit of 2021-22 accounts

| All pension funds | Fee range | | | Previous Year |
|-------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| | 31 | 41 | 49 | 41 |

Fire and rescue authorities

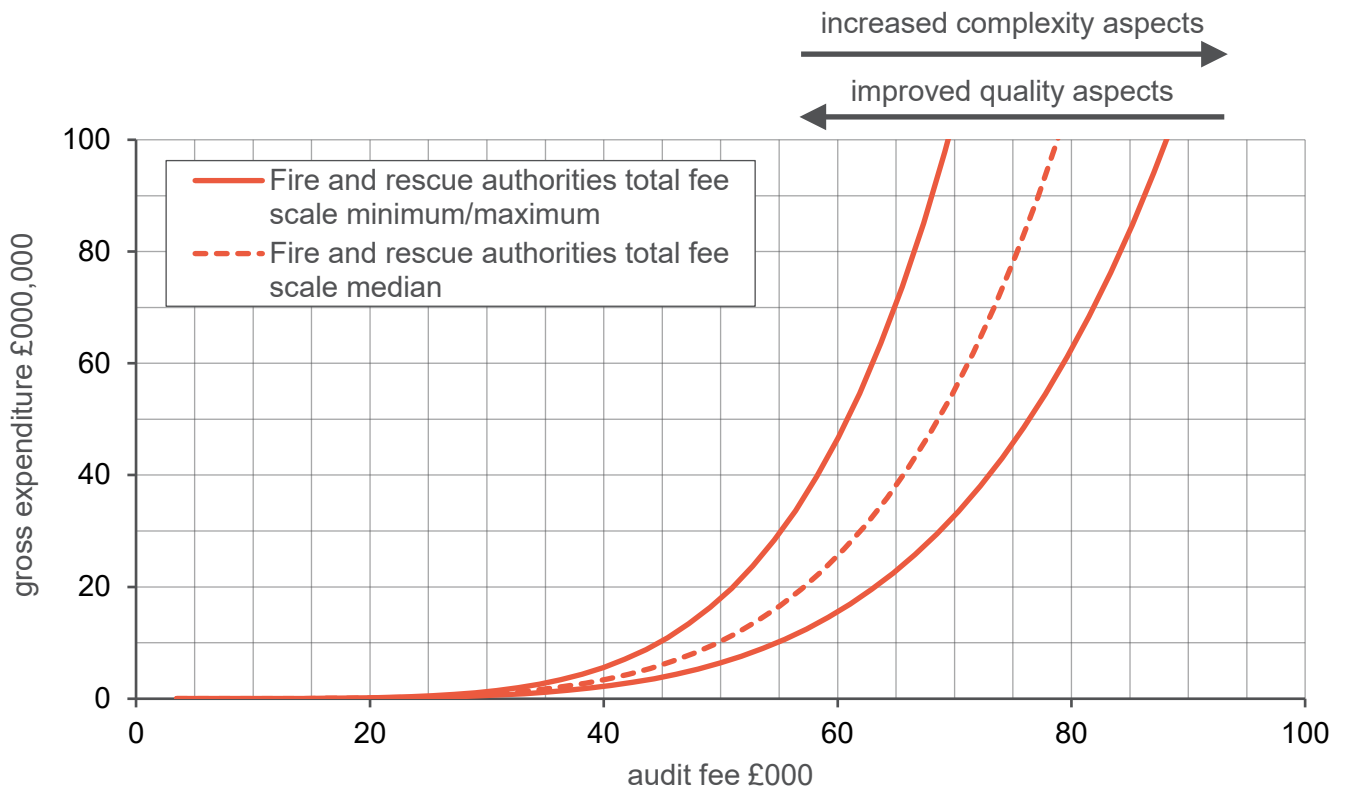
Exhibit 7: fee scale for audit of 2021-22 accounts

| Gross Expenditure £m | Fee range | | | Previous Year |
|-------------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| 20 | 35 | 41 | 47 | 39 |
| 40 | 42 | 49 | 56 | 47 |
| 60 | 46 | 54 | 63 | 52 |
| 80 | 50 | 59 | 68 | 57 |
| 100 | 53 | 62 | 72 | 60 |

Exhibit 8: fee scale for 2022-23 performance audit work

| All fire and rescue authorities | Fee range | | | Previous Year |
|---------------------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| | 17 | 17 | 17 | 16 |

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



National park authorities

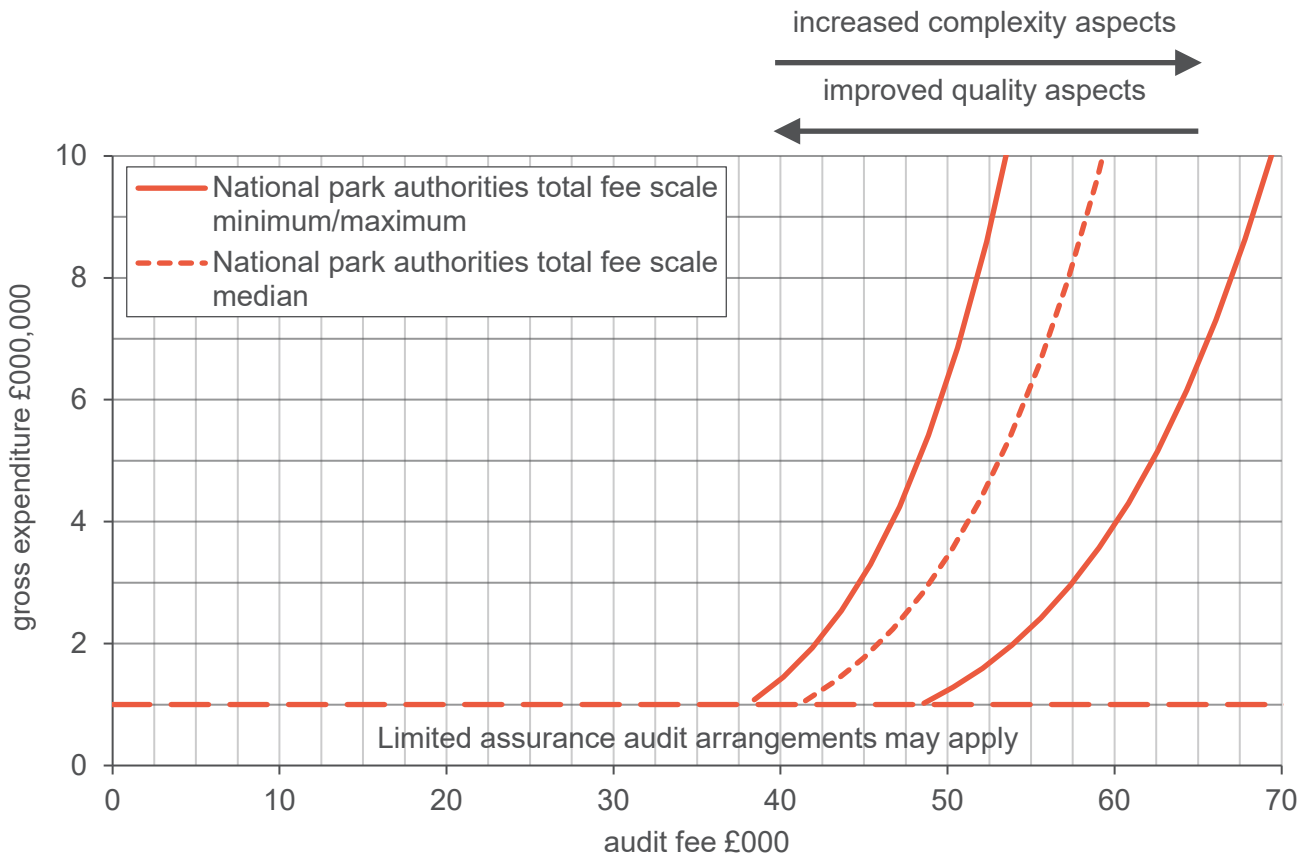
Exhibit 10: fee scale for audit of 2021-22 accounts

| Gross Expenditure £m | Fee range | | | Previous Year |
|-------------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| 2 | 21 | 25 | 29 | 24 |
| 4 | 26 | 30 | 35 | 29 |
| 6 | 29 | 34 | 39 | 32 |
| 8 | 31 | 36 | 42 | 35 |
| 10 | 33 | 39 | 44 | 37 |

Exhibit 11: fee scale for 2022-23 performance audit work

| All national park authorities | Fee range | | | Previous Year |
|----------------------------------|------------------|-----------------|------------------|-----------------|
| | Minimum £'000 | Median £'000 | Maximum £'000 | Median £'000 |
| | 21 | 21 | 25 | 17 |

Exhibit 12: graphic of total fee scale for national park authorities



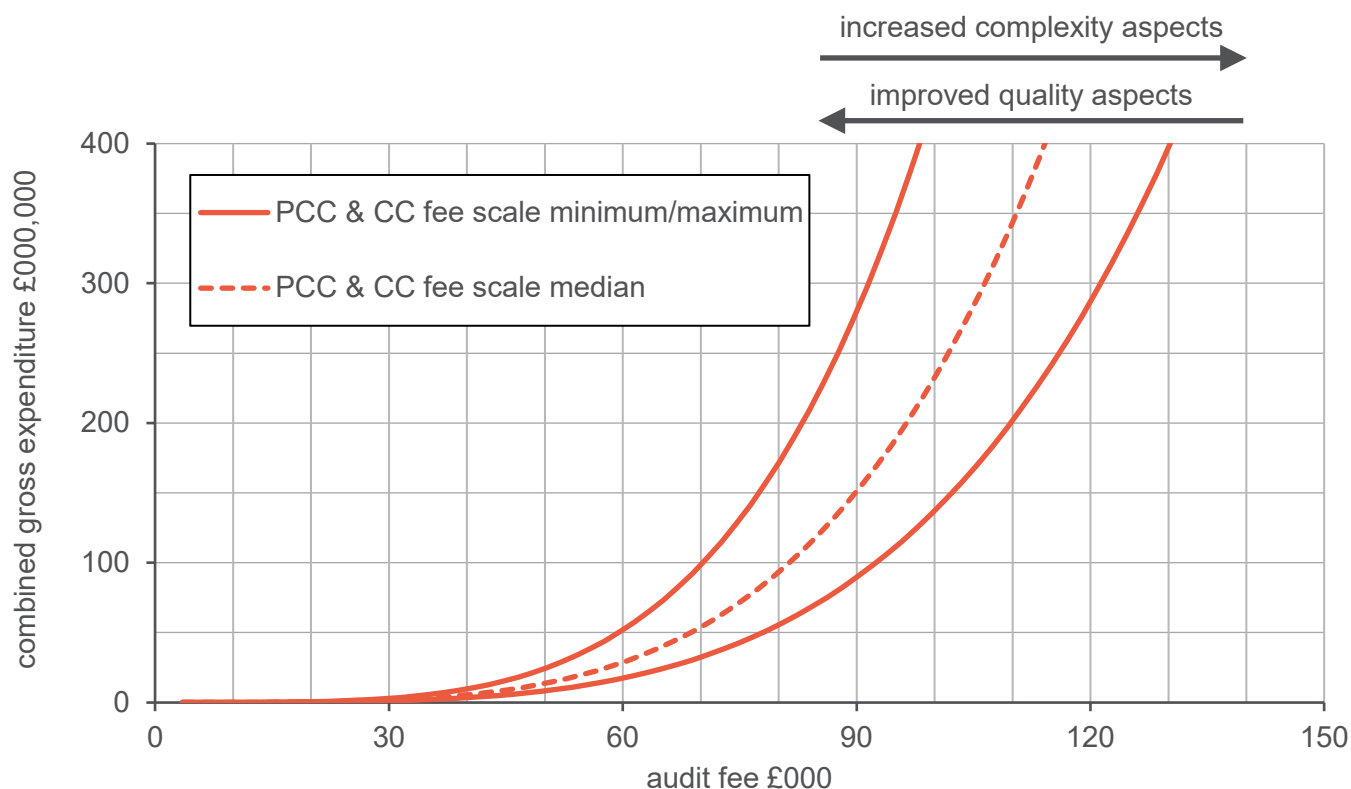
Police and Crime Commissioners

- 6 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 13: fee scale for audit of 2021-22 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 | 60 | 69 | 78 | 64 |
| 100 | 70 | 81 | 92 | 76 |
| 150 | 77 | 90 | 102 | 85 |
| 200 | 83 | 96 | 110 | 91 |
| 250 | 88 | 102 | 116 | 96 |
| 300 | 92 | 106 | 121 | 101 |
| 350 | 95 | 111 | 126 | 105 |

Exhibit 14: 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

- 7 Town and community councils in Wales are subject to a limited assurance audit regime.
- 8 In October 2020, the Auditor General published a paper setting out how these audits will be carried out on a three-year cycle as set out in **Exhibit 15**.

Exhibit 15: 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 |

- 9 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 4.
- 10 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.
- 11 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 16** are for indicative purposes only.

Exhibit 16: estimated time charges for the audit of 2021-22 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 | £145 - £175 | £160 - £190 | £220 - £270 | £340 - £415 | £605 - £725 | £805 - £1,040 |
| Limited procedures | £105 - £125 | £130 - £155 | £130 - £155 | £200 - £240 | £200 - £240 | £200 - £240 |

Fee rates for other work in local government

- 12 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**. This will include audits of Corporate Joint Committees. It remains the case that for audits of these bodies we apply a zero-based approach to audit planning.
- 13 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.
- 14 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 and/or any issues in respect of the grant in question as set out in **Exhibit 17**.

Exhibit 17: 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



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales