

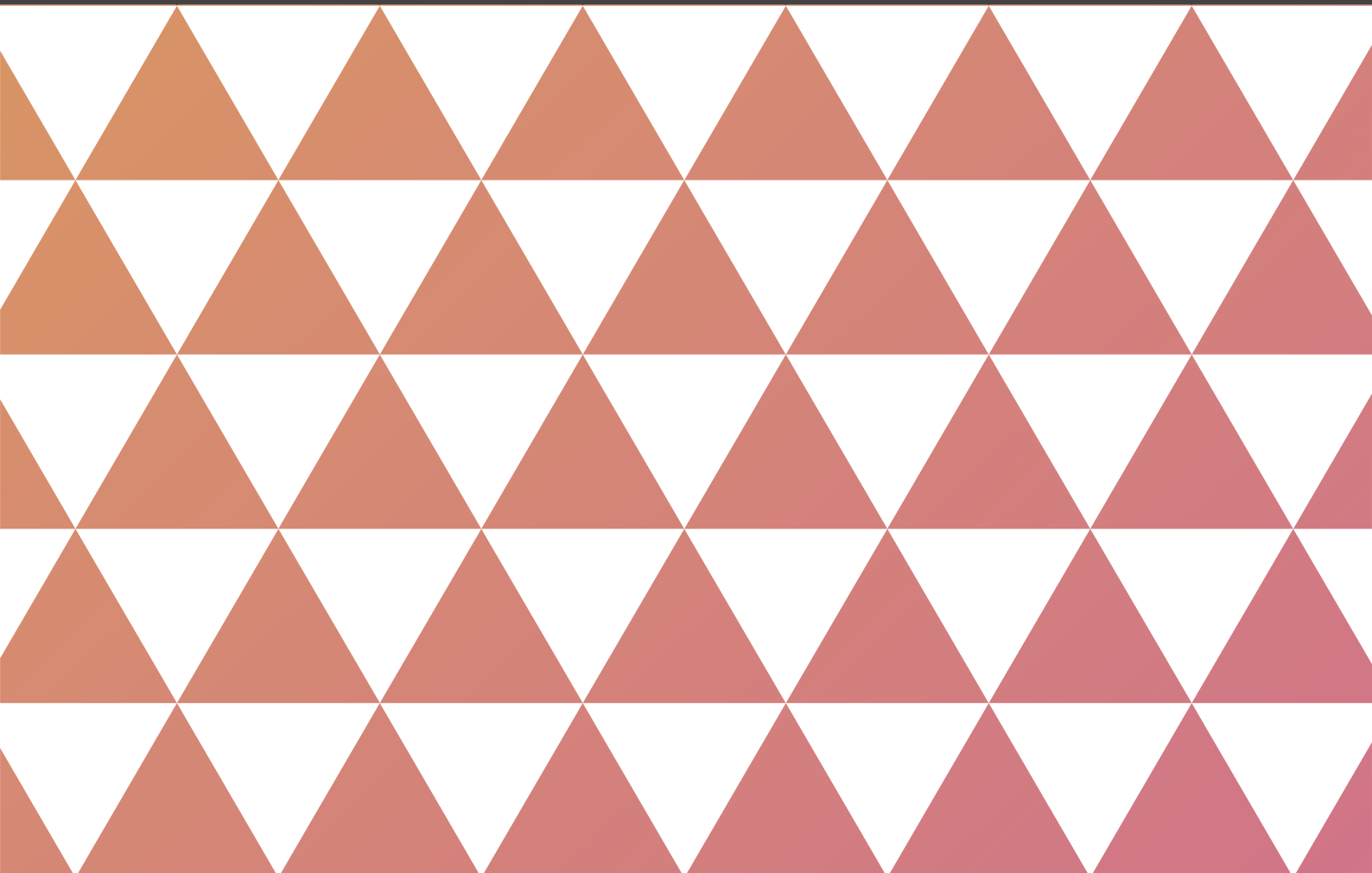
23 August 2018

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Consultation on Fee Scales 2019-20



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



How to respond

Please respond by 24 September 2018.

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 e-mail 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 the access to information legislation (chiefly the Freedom of Information Act 2000, but also the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want any information you provide to be treated as confidential, it would be helpful if you could explain to us why you regard the information you have provided as confidential.

If we receive a request for disclosure of the 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 Wales Audit Office.

Personal data will be processed in accordance with the Data Protection Act. Where such data falls within the scope of a request for information from another person, the provisions of the 1998 and 2000 Acts 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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Message from the Auditor General for Wales



Dear all

As the new Auditor General for Wales, over the coming months, it is one of my top priorities to meet, listen and engage with colleagues, partners and public sector leaders across Wales. I hope, in the vast majority of cases, this will mean we can meet on a one-to-one basis.

In the meantime, I invite your views on our plans for fee levels for 2019-20.

As Auditor General, I want to support public services as well as enabling effective democratic scrutiny on behalf of the people of Wales. It is my aim to ensure, therefore, that the Wales Audit Office provides public services with insight and

support that helps to drive improvement. At the same time, we will be robust and independent in our work so as to give the citizens of Wales and their democratic representatives the assurance and analysis they rightly demand.

I am also determined that we practise what we preach and can demonstrate that the Wales Audit Office is a well-run, accountable and respected organisation that delivers value for money. Over the last eight years, the Wales Audit Office has achieved real-terms operating cost reductions of some 30% and I will continue to seek efficiencies and to bear down on costs so as to minimise the fees we charge. More detail of how we are utilising the resources available to us can be found in our [Annual Report & Accounts](#) from last year and our [Estimates](#) (budget) for the current year.

Fees for 2019-20

Broadly, 68% of the Office's expenditure is funded through fees charged to audited bodies. The remaining 32% is provided from the Welsh Consolidated Fund through vote of the National Assembly. The Wales Audit Office does not generate profits on fees. 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 expenditure, the estimated skills mix for audit work and the estimated number of days required to complete the work. The Board and I are acutely aware of the continuing financial pressures on public services so, having reduced many of our fees in 2018-19, **we commit to a cash-freeze on our fees for the next financial year¹**. And, through continued review of our audit approaches and audit team skills' mixes, coupled with audited bodies' own continued drive to support a smooth audit process, we will look hard at further reducing fees wherever possible on individual audits.

Subject to National Assembly approval of our Estimates for 2019-20, we plan on access to the National Fraud Initiative continuing to be on **a no-charge basis for all participants**. We are keen to talk to you if you are not yet a participant.

Legislation requires us to consult on fee scales for work at local government bodies² and for the National Fraud Initiative (even though a nil-charge), so I attach those scales, showing no change to 2018-19. The local government scales are of no consequence to other audited bodies.

The Board and I would very much welcome your views on the above proposals by email to info@audit.wales by close of 24 September 2018. We will then consider your feedback as we shape our Estimates and Fee Scheme for next year and discuss them with the Assembly's Finance Committee this autumn. The Committee continues to consider the issue of beneficial changes to the legislation underpinning our charging arrangements, following the case for change we published last year.

I look forward to hearing from you and hopefully meeting in person soon.

Yours sincerely

Adrian Crompton

Auditor General for Wales

- 1 The only circumstance where fees charged may increase would be in relation to local matters for the particular audit or new work undertaken, which would be fully discussed with the organisation's Audit & Risk Committee.
- 2 Unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners and chief constables, town and community councils and local government pension funds.

Consultation

The sections below explain how our fees affect your organisation, according to which sector you form part of.

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

In order to support Welsh public bodies in combating fraud, the Auditor General conducts the National Fraud Initiative (NFI) in Wales on a biennial basis. The NFI is also run in England, Scotland and Northern Ireland. 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.

The Auditor General conducts the NFI using his statutory data-matching powers under Part 3A of the Public Audit (Wales) Act 2004.

Since April 2016, 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, so ensuring that voluntary participants are not charged a fee for participation. As required by legislation, the fees for mandatory participants are shown below.

Exhibit 1: NFI fees

Type of body	Fee 2019-20 £
Unitary authority; police and crime commissioners and chief constables; fire and rescue authorities; NHS trusts; local health boards.	Nil
All participants may also be provided with access to the NFI Application Checker (App Check).	Nil

Mandatory participants will also be provided with access to the NFI Application Checker without charge.

Fee scales for Local Government Bodies

Unitary authorities

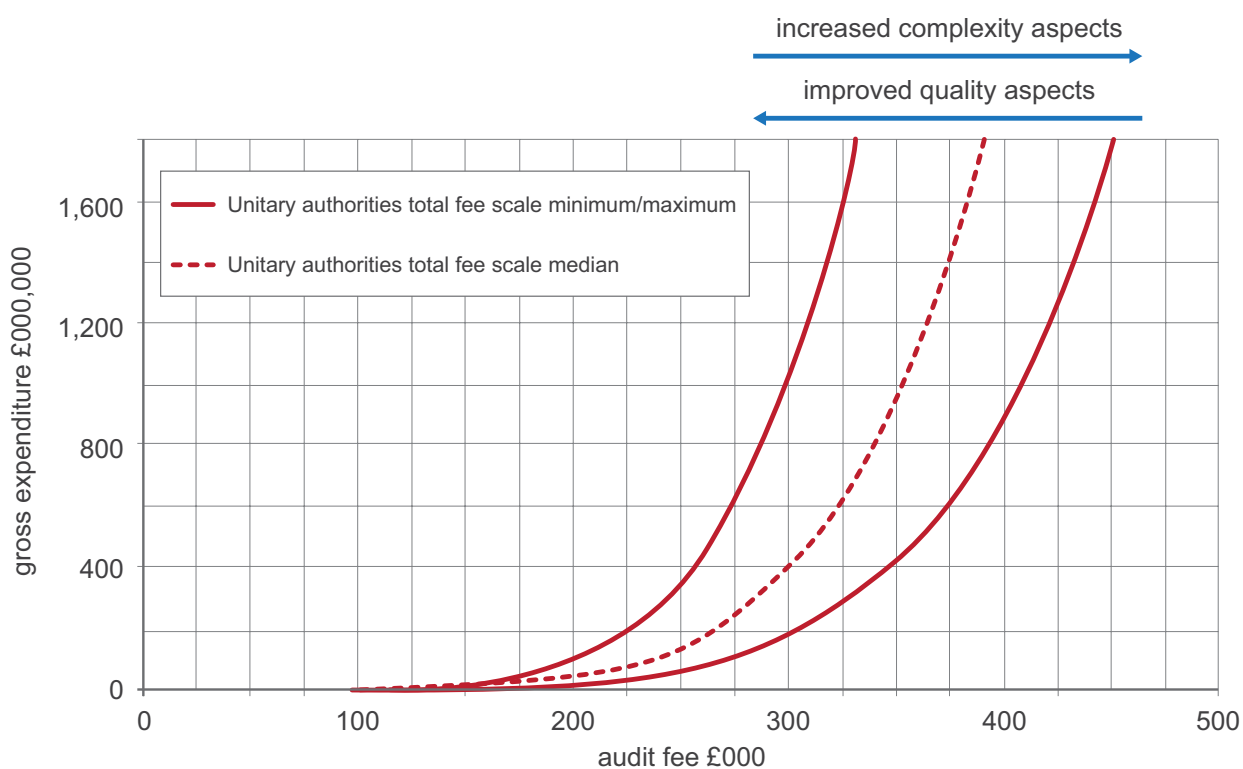
Exhibit 2: fee scale for audit of 2018-19 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
100	117	138	158	138
200	141	166	191	166
300	157	185	212	185
400	169	199	229	199
500	180	211	243	211
600	189	222	255	222
700	197	231	266	231
800	204	240	276	240
900	210	247	284	247
1,000	216	254	292	254
1,100	222	261	300	261
1,200	227	267	307	267

Exhibit 3: fee scale for 2019-20 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All unitary authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	83	99	115	99

Exhibit 4: graphic of total fee scale for unitary authorities



Local government pension funds

Exhibit 5: fee scale for audit of 2018-19 accounts

All pension funds	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	33	40	55	40

Fire and rescue authorities

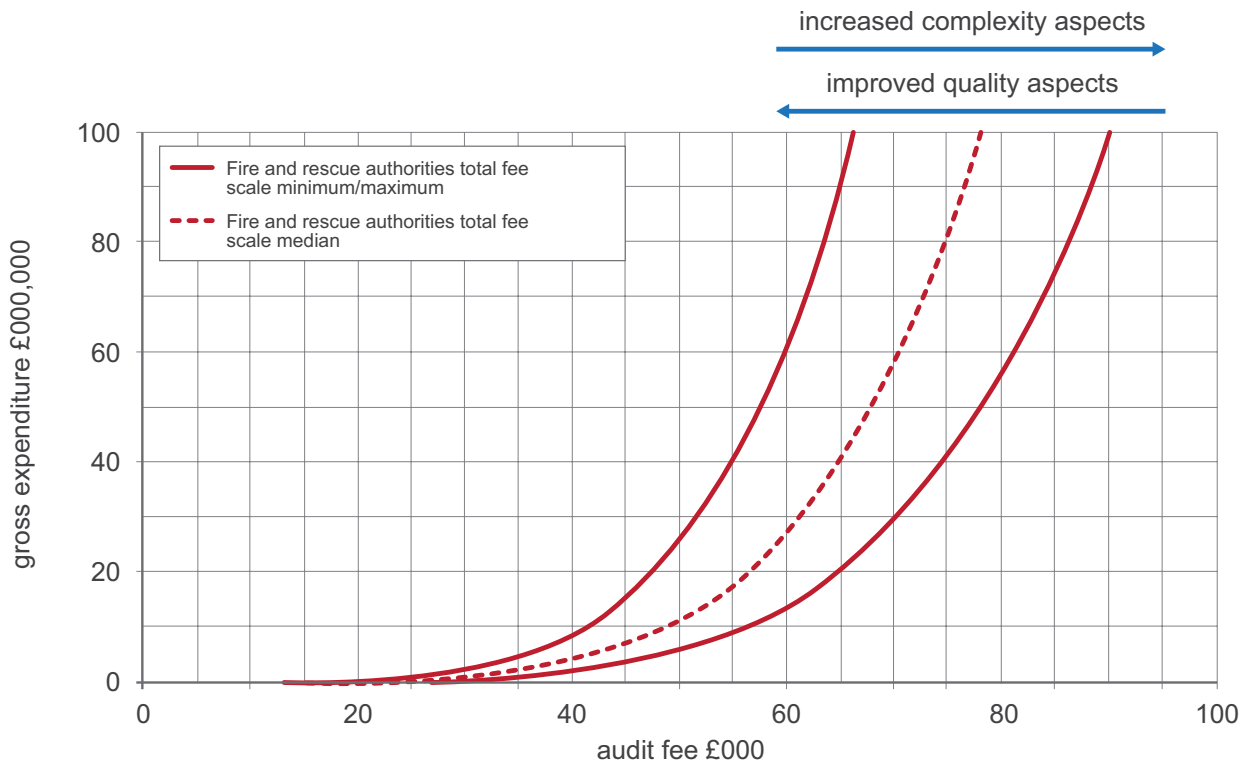
Exhibit 6: fee scale for audit of 2018-19 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
20	34	40	46	40
40	41	49	56	49
60	46	54	62	54
80	50	58	67	58
100	53	62	71	62

Exhibit 7: Fee scale for 2019-20 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All fire and rescue authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	14	16	19	16

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



National park authorities

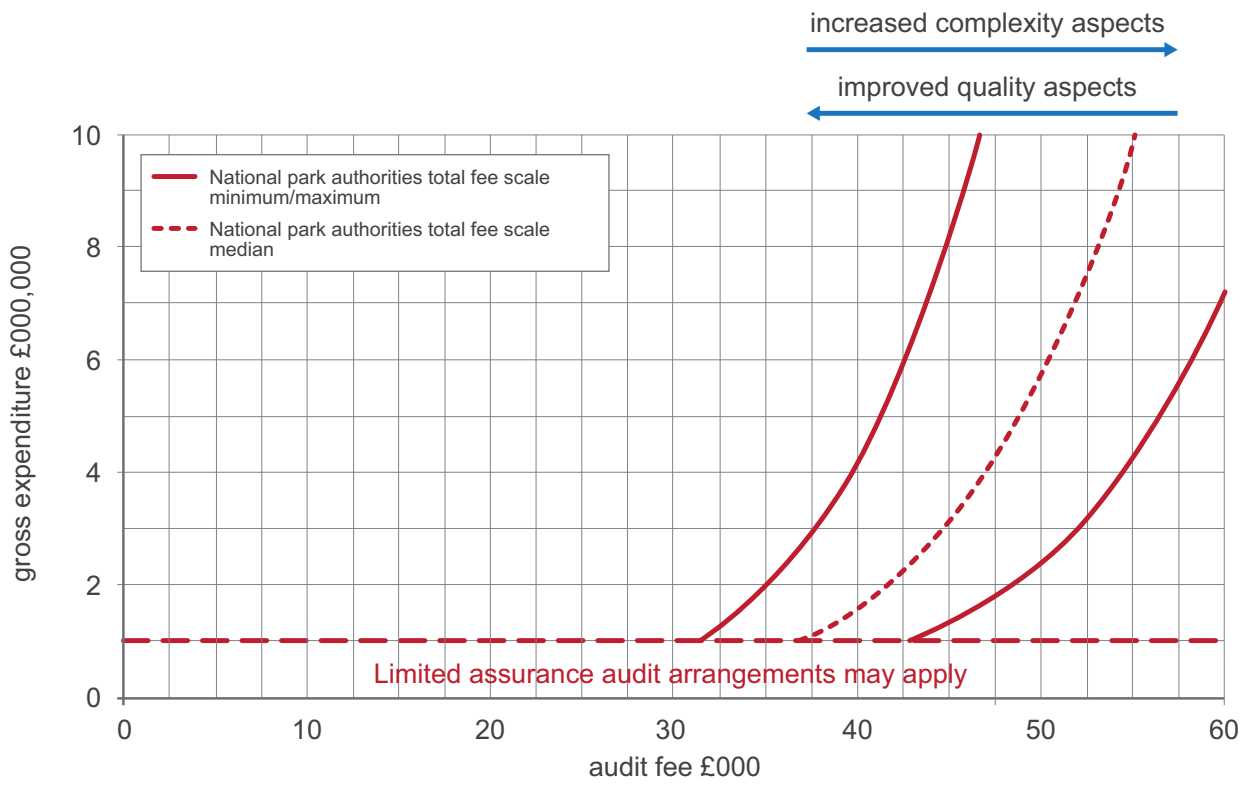
Exhibit 9: fee scale for audit of 2018-19 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
2	21	25	29	25
4	26	30	35	30
6	29	34	39	34
8	31	36	42	36
10	33	38	44	38

Exhibit 10: fee scale for 2019-20 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All national park authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	14	17	19	17

Exhibit 11: graphic of total fee scale for national park authorities



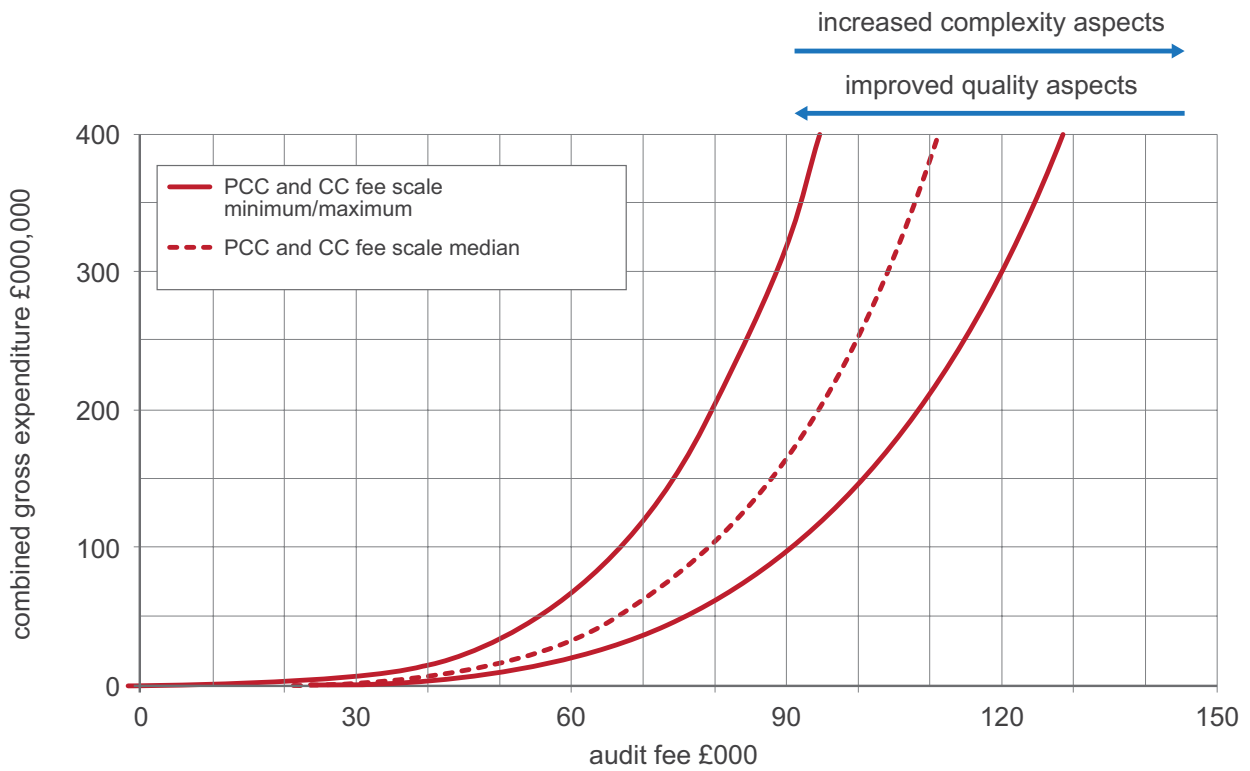
Police and crime commissioners and chief constables

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 scales for the audit of the 2018-19 accounts

Combined gross expenditure of PCC and CC £000,000	Combined fee range for PCC and CC £000			Previous year median £000
	Minimum	Median	Maximum	
50	56	66	76	66
100	67	79	91	79
150	74	87	100	87
200	79	94	108	94
250	84	99	114	99
300	88	104	120	104
350	91	108	124	108

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. 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.

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 14: estimated time charges for audit of 2018-19 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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