

Consultation on Fee Scales 2025-26

August 2024

How to respond

Please respond by 27 September 2024.

Responses can be sent to the following address:

Fee scales consultation
Audit Wales
1 Capital Quarter
Cardiff
CF10 4BZ

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.

Welsh language standards

Audit Wales is required to comply with Welsh Language Standards that provide for the Welsh language not to be treated less favourably than 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.

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Foreword

You will be familiar with our annual consultation on fee scales. We are required by legislation to do this 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 do not and cannot make profits on our work.

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. Audit Wales remains determined to minimise audit fees whilst ensuring that its audit quality continues to meet rigorous standards.

You will remember that for 2024-25 we increased our average fee rates by 6.4% in order to respond to significant staff cost pressures exacerbated by a global shortage of audit and finance professionals, which was impacting our ability to recruit and retain qualified staff.

We are acutely aware of the pressures facing the bodies that we audit and have challenged our operating model to ensure that our audit fees continue to provide value for money whilst continuing to invest in audit quality which is central to all decisions we make.

For 2025-26 we have identified efficiencies which will help us keep the average increase in fee rates to under 1.8% whilst still being able to make an inflationary pay offer to our staff and respond to changes and increased regulation in the audit profession.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required. In 2023-24 you will recall that we implemented a fundamentally different audit approach for our financial audit work, required by new international auditing standards. This required a richer, more costly skill mix that was reflected in higher fees. We are in the process of reviewing the implementation of this new audit approach which we anticipate will identify efficiencies to help us keep fee increases to a minimum in 2025-26.

We plan to continue to provide access to the National Fraud Initiative on a free-of-charge basis.

I hope that this consultation is helpful, and I look forward to hearing your views.

Many thanks



Adrian Crompton

Auditor General
for Wales



Consultation

Fee rates 2025-26

Our proposed fee rates for 2025-26 are set out in **Exhibit 1**.

Exhibit 1: proposed fee rates 2025-26

Grade	Rate (£ per hour) 2025-26	Rate (£ per hour) 2024-25
Audit Director	184	179
Audit Manager	141	137
Audit Lead	115	112
Senior Auditor	91	91
Auditor	66	64
Graduate trainee	59	59
Apprentice	48	46

These rates represent a weighted average increase of under 1.8% based on our overall staff mix. Increases by grade vary as, to meet the 'no more than full cost' requirement, we calculate rates based on actual staff in post, and hence the rates allow for incremental progression where relevant as well as expected pay increases for the year.

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 Estimate in autumn 2024 and our Fee Scheme early in 2025.

Further information on our work and our expenditure is provided in our [Annual Report and Accounts 2023-24](#) and [Annual Plan for 2024-25](#).

Our draft fee scales for local government bodies

The remainder of this document provides the fee scales for local government bodies and for mandatory participants to the National Fraud Initiative. 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. These scales are not required for any other sector.

I would very much welcome your response to this consultation by 27 September 2024, to inform the Senedd's review of our Estimate and Draft Fee Scheme for 2025-26.

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 £6.5 million across Wales's public services, increasing cumulative savings to £49.4 million since 1996.
- 4 Since April 2015, the Senedd has met the costs of running the NFI through payment from the WCF. 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 2025-26
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 2024-25 and for 2025-26 performance audit work.
- 6 Our audit of accounts fee scale takes account of the average increase of fee rates as set out in **Exhibit 1**. As set out above, we are continuing to review the implementation of our new audit approach and will reflect the outcome in our Fee Scheme for 2025-26 which will be published early in 2025.

Unitary authorities

Exhibit 3: draft fee scale for the audit of 2024-25 accounts

Gross Expenditure £ million	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
100	150	176	202	171
200	180	212	243	205
300	200	236	271	229
400	216	254	293	247
500	230	270	311	262
600	241	283	326	275
700	251	295	340	287
800	260	306	352	297
900	268	316	363	307
1,000	276	325	373	315
1,100	283	333	383	324
1,200	290	341	392	331

Exhibit 4: draft fee scale for 2025-26 performance audit work

All unitary authorities	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	111	118	133	115 ¹

Local Government Pension Funds**Exhibit 5: draft fee scale for audit of 2024-25 accounts**

All pension funds	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	47	62	58	56

Fire and Rescue Authorities**Exhibit 6: draft fee scale for audit of 2024-25 accounts**

Gross Expenditure £ million	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
20	44	52	59	50
40	53	62	71	60
60	59	69	79	67
80	63	75	86	72
100	67	79	91	77

1 Restated to reflect actual fees – 2024-25 median was overstated in Fee Scheme.

Exhibit 7: draft fee scale for 2025-26 performance audit work

All fire and rescue authorities	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	18	18	18	18

National Park Authorities**Exhibit 8: draft fee scale for audit of 2024-25 accounts**

Gross Expenditure £ million	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
2	27	32	37	31
4	33	38	44	37
6	36	43	49	42
8	39	46	53	45
10	42	49	56	48

Exhibit 9: draft fee scale for 2025-26 performance audit work

All national park authorities	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	22	23	26	23 ²

2 Restated to reflect actual fees.

Police and Crime Commissioners

- 7 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 10: draft fee scale for audit of 2024-25 accounts

Combined Gross Expenditure of PCC and CC £ million	Combined fee range for PCCs and CCs			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
50	75	87	98	84
100	88	102	117	100
150	97	113	129	110
200	105	122	138	118
250	110	128	146	125
300	115	134	153	131
350	120	140	159	136

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

- 8 Town and community councils in Wales are subject to a limited assurance audit regime.
- 9 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 11**.

Exhibit 11: 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

- 10 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 7**.
- 11 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.
- 12 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 12** is for indicative purposes only.

Exhibit 12: estimated time charges for the audit of 2024-25 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	£161 – £196	£182 – £215	£247 – £302	£382 – £466	£681 – £815	£906 – £1,169
Limited procedures	£118 – £139	£146 – £173	£146 – £173	£225 – £268	£225 – £268	£225 – £268

Fee rates for other work in local government

- 13 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.
- 14 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.
- 15 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 13**.

Exhibit 13: 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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Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.