

Audit Wales Consultation on Fee Scales 2024-25

Summary for Governance and Audit Committee Members

Introduction

- 1 Each year, we are required by legislation to consult on our fee scales for our work over local government bodies, before submitting proposals to the Senedd's Finance Committee.
- 2 The consultation on fees to apply during the upcoming 2024-25 year is now open and will run until 10 October. The attached document sets out the details of this consultation, which are summarised here.

Key details

- 3 The key details within this year's consultation are as follows:
 - We are proposing an average fee rate increase of 6.4% for 2024-25. This is in response to ongoing pay and price pressures (with recruitment and retention of qualified staff a particular challenge), and a requirement to invest in audit quality measures given recent UK-wide reviews of audit.
 - To offset these pressures as much as possible, we are reducing our non-staff costs. For example, we have recently moved to smaller, cheaper office accommodation in North and South Wales and have significantly reduced our travel costs. We continue to identify efficiencies where possible.
 - This fee rate increase does not necessarily mean that overall fees will increase by that amount. The quantum of work required and the skill mix needed to complete it will also influence the final fee figure. We will liaise with management to determine these factors over the coming months, before we present our proposed fee estimate in next year's Audit Plan.
 - Furthermore, to facilitate a growing emphasis on sector-wide or 'thematic' reviews, we are proposing to switch an element of our performance audit funding from fees charged to audited bodies, to amounts receivable direct from the Welsh Consolidated Fund (WCF). Consequently, the fee charged to Councils for such work would reduce by around 15% under this proposal (although any reduction in fee for Councils would be matched by a consequential reduction in central funding, in order to hold the WCF harmless overall, if the Welsh Government endorses this approach).

Illustration

- 4 The table below provides an illustration of the proposed changes to fee rates, and the potential impact they could have on the overall audit fee payable by the Council.
- 5 **This is not an estimate of the fee payable for our work in 2024-25.** Fees cannot be confirmed until the Senedd's Finance Committee approves any proposals, and as noted in paragraph 3, other factors will also determine the final estimate of the fee chargeable.

	2023-24 amount	Proposed change	2024-25 amount
Financial Audit	£228,690	6.4%	£243,326
Performance Audit	£111,510	-15.0%	£94,784
Total	£340,200		£338,110

Engagement

- 6 The consultation remains open until 10 October. While the document has been attached in these papers, it can also be found on our website (www.audit.wales).
- 7 We welcome feedback from audited bodies on the consultation. As Councillors/Committee Members you can use any of the following methods to do so:
- Contact Council officers who can collate and forward feedback to us.
 - Send comments directly via e-mail to info@audit.wales.
 - Send comments directly in hard copy via mail to: Fee Scales Consultation, Audit Wales, 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ.

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