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Dear Members of the Governance and Audit Committee

## Audit Wales fee detail

Following on from discussion at the Governance and Audit Committee meeting in November and your subsequent request for more detail on the Audit Fee, I have enclosed the following information in response.

### 1 The 2023 Audit Fee analysed by grade, days and cost:

Grade	Planned number of days	Cost £
Engagement Lead	20	23,520
Audit Manager	85	76,304
Audit Lead	180	133,560
Senior Auditor	206	122,570
Auditor	135	57,645
Audit Trainee	206	79,310
Audit Apprentice	68	19,040
<b>Total</b>	<b>900</b>	<b>511,949</b>
Analysed by:		
Financial Audit	744	394,362
Performance Audit	156	117,586
<b>Total</b>	<b>900</b>	<b>511,949</b>

2 **The prior year audit fee outcome analysed as deployed, by grade, days and cost:**

As referred to in the Governance and Audit committee meeting and our work programme updates, we are currently finishing aspects of our 2022-23 performance audit work programme. We will share the final costs of that work once it is complete. As you will be aware from our work programme updates, our performance audit work, as per our 2023 audit plan, is underway.

Below is the information requested on the 2021/22 Audit of Accounts, Grants and Performance Audit work to date:

<b>Audit area</b>	<b>Estimated cost</b>	<b>Actual cost</b>
Audit of Accounts	£283,759	£283,759
Grants	£65,000	£69,787
Performance	£112,420	tbc
<b>Total</b>	<b>£461,188</b>	tbc

<b>Grade</b>	<b>Day rate £</b>	<b>Planned days</b>	<b>Actual days</b>
Engagement Lead	1141	21	31
Audit Manager	854	84	85
Audit Lead	700	175	167
Senior Auditor	588	154	146
Auditor	420	137	223
Audit Trainee	357	210	146
Audit Apprentice	273	73	70

I have also provided the following context around the fee setting process which I hope you find helpful:

- Our fee scheme is subject to consultation and published on our website [[Fee Scheme 2023-24 | Audit Wales](#)]. [[Consultation on Fee Scales 2024-25](#)]. These set out the basis for how we calculate our fees.

- The fee set out in our Audit Plan is an estimate. We set our audit fees based on our estimated expenditure, the estimated skill mix and the estimated number of days required to complete the work. The Council's Senior management has the opportunity to comment on our draft audit plan and any additional charges are first discussed with the Council.
- As part of the 2023-24 fee scheme, we went beyond the statutory consultation requirements and consulted all audited bodies and other stakeholders on our proposed fee rates and fee scales for 2023-24. We consulted upon our 2024-25 fee scheme during August and September last year.
- Included in the fee scheme each year are the fee scales we are required to prescribe for work relating to our audit of local government bodies. Fee scales also provide a framework for auditors to assess the amount of annual audit work necessary and the fee to be charged for that work at a particular audited body.
- Legislation requires that the fees we charge may not exceed the full cost of exercising the function to which the fee relates. Our fee rates are set at a level to recover that full cost.
- The table in Appendix 1 summarises current Public Sector Audit Appointment (PSAA) rates and then compares them to current Audit Wales fee rates. The table illustrates the very substantial change in PSAA rates over the past four years (following the Redmond Review) and highlights the very marked difference between current local government rates in England and those of Audit Wales. Whilst we are focusing on fee rates within the local government arena, this is indicative of the rising audit costs across the border.
- Each year, we present an estimate of the income and expenditure of Audit Wales for the next financial year to Welsh Parliament for approval – this is available on our website.
- In October 2023, we published our interim report setting out our progress against our 2023-24 Annual Plan. This report includes information about our stakeholder feedback obtained via an independent research company.

In addition to our accounts, grants and performance audit work, Audit Wales undertakes other work, which may be of interest to the Governance and Audit Committee:

- We deliver a programme of good practice (GPX) events to facilitate sharing of good practice examples and the development of supportive networking across

public sector bodies. Further information about this and how to subscribe to our GPX newsletter is available on our website [here](#).

- National value for money examinations and studies. This programme of work includes value for money examinations, local government studies, and the preparation of summary reports on the findings from local audit work across multiple NHS, central government and/or local government bodies. It also includes examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General through correspondence. The outputs from much of this programme supports the work of the Senedd's Public Accounts and Public Administration Committee (PAPAC) and other Senedd committees. Further information about this work is included in our interim report referred to above. We flag recent publications to the Governance and Audit Committee through our regular work programme update report.

If you would like to discuss the audit fee further, please let me know and I'll be happy to arrange a meeting to discuss.

Yours sincerely



Richard Harries  
Engagement Director

## Appendix 1 – A comparison of current Public Sector Audit Appointment (PSAA) fee rates with Audit Wales

	Audit Wales Fee Rates	Public Sector Audit Appointments (PSAA) Rate Cards	
	2023-24 £	2023-24 £	2018-20 £
Partner / Director	168	414	132
Senior Manager / Manager	129	228	73
Audit Lead	106	148	47
Other	40 - 85	113	36