



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

CITY OF CARDIFF COUNCIL

AUDIT FEES





Audit fees 2015-16:

- At the March 2015 Audit Committee Members asked for some additional information about the audit fee.
- WAO agreed to provide further information when presenting the 2016 Audit Plan



How is the audit fee built up?

In general terms:

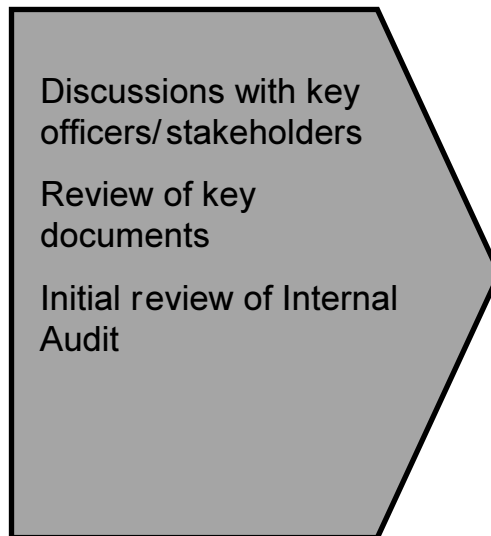
- The audit fee is based on a number of factors:
 - The nature, size, complexity and risks associated with an organisation,
 - The internal controls and governance arrangements,
 - The financial management arrangements, and
 - The accounts closedown and quality of the accounts process.



How do we work out what we need?

Planning and risk assessment

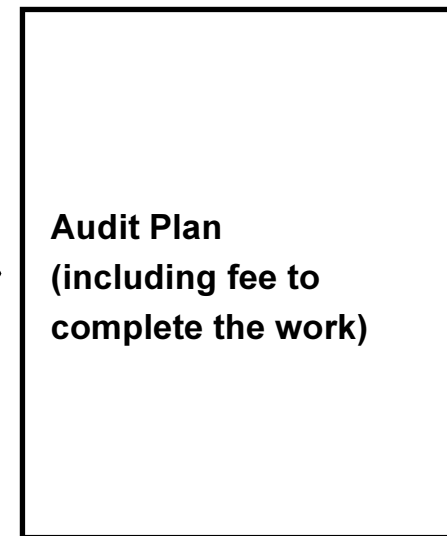
Key tasks



Objectives



Output





Other assumptions

The other main assumptions in setting the estimated fees will be that:

- appropriate accommodation and facilities are provided to enable the audit team to deliver our audit in an efficient manner;
- the financial statements and supporting working papers have been subject to review and validation by management, to provide the RFO with assurance that they are ‘true and fair’;
- all appropriate officers will be available during the audit;
- you have all the necessary controls and checks in place to enable the RFO to provide all the assurances required in the Letter of Representation; and
- IA has completed its planned programme of work and that management has taken all necessary remedial action on issues that could have affected the financial statements.



Calculation of Fee

Once we know what work we need to do we

- Work out the time needed to complete the work to give sufficient assurance on issues identified;
- Consider the relevant skill mix to deliver the audit;
- Multiply the time and skill mix needed by our fee rates;

This gives us the cost of the audit



Fee Rates

- Our hourly rates are published in our Fee Scheme annually, which is approved by the Assembly
- Fee rates are benchmarked and subject to scrutiny by the WAO Board and the Finance Committee of the National Assembly for Wales.
- the Wales Audit Office cannot make profits; we can only recover “no more than the cost” of the work we undertake.
- If we make a ‘profit’ this goes back to the audited body, conversely if an audit takes more work additional fee is agreed and charged.



How do you compare?

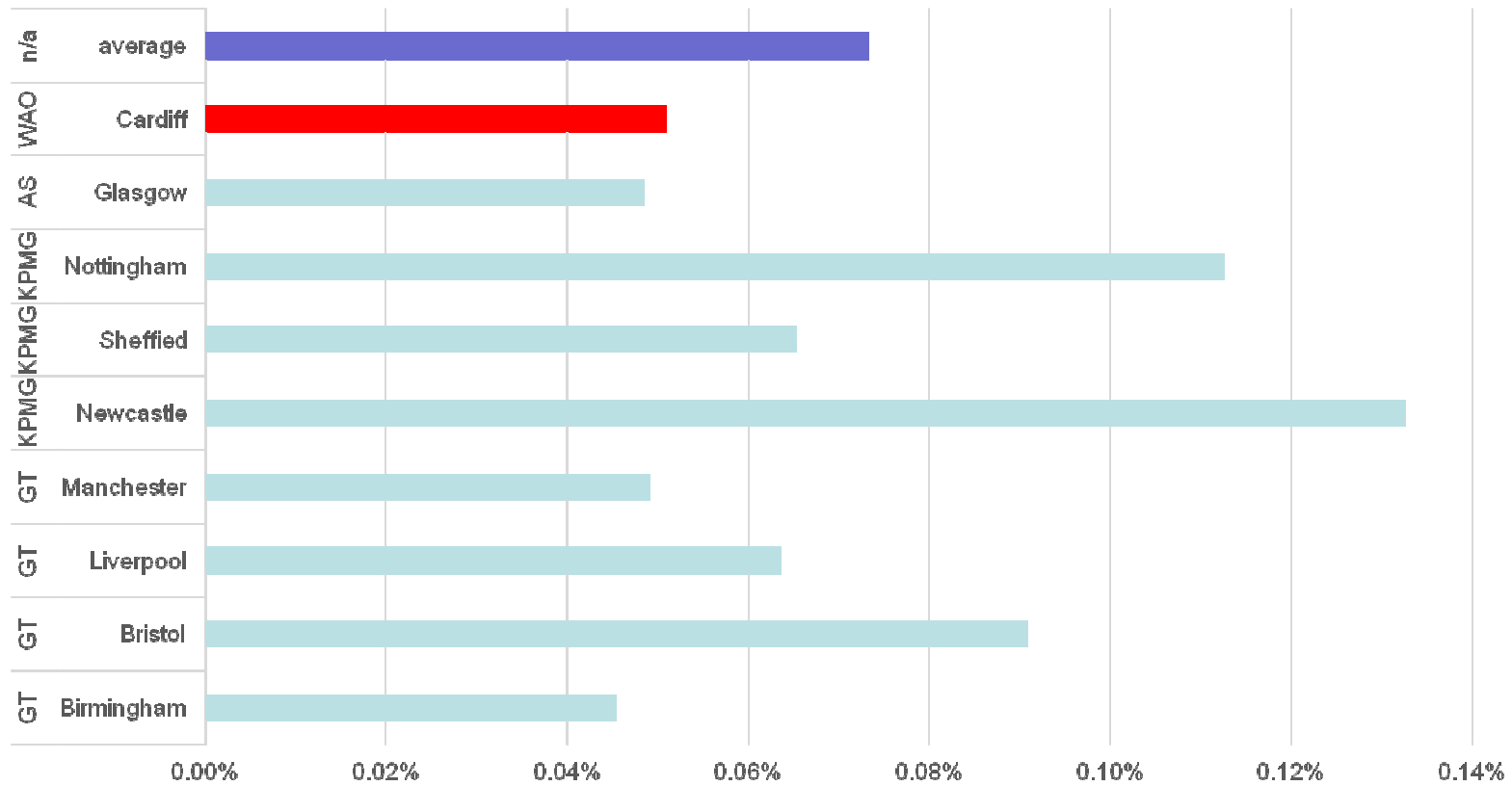
- To give the Audit Committee and idea of how the fee compares to other bodies we've undertaken some comparisons.
- We compared the Council's audit fee to the Core Cities family that the Council uses to benchmark itself, the audit fee was 0.05% of the net cost of services which was below the average of 0.07%.
- This is obviously a simplistic comparison as we were unable to identify what risks had been identified at each Council but it does provide a feel for how our fee compares.



Comparison to Core Cities



Audit Fees as a % of net cost of service





Compared to Welsh Councils



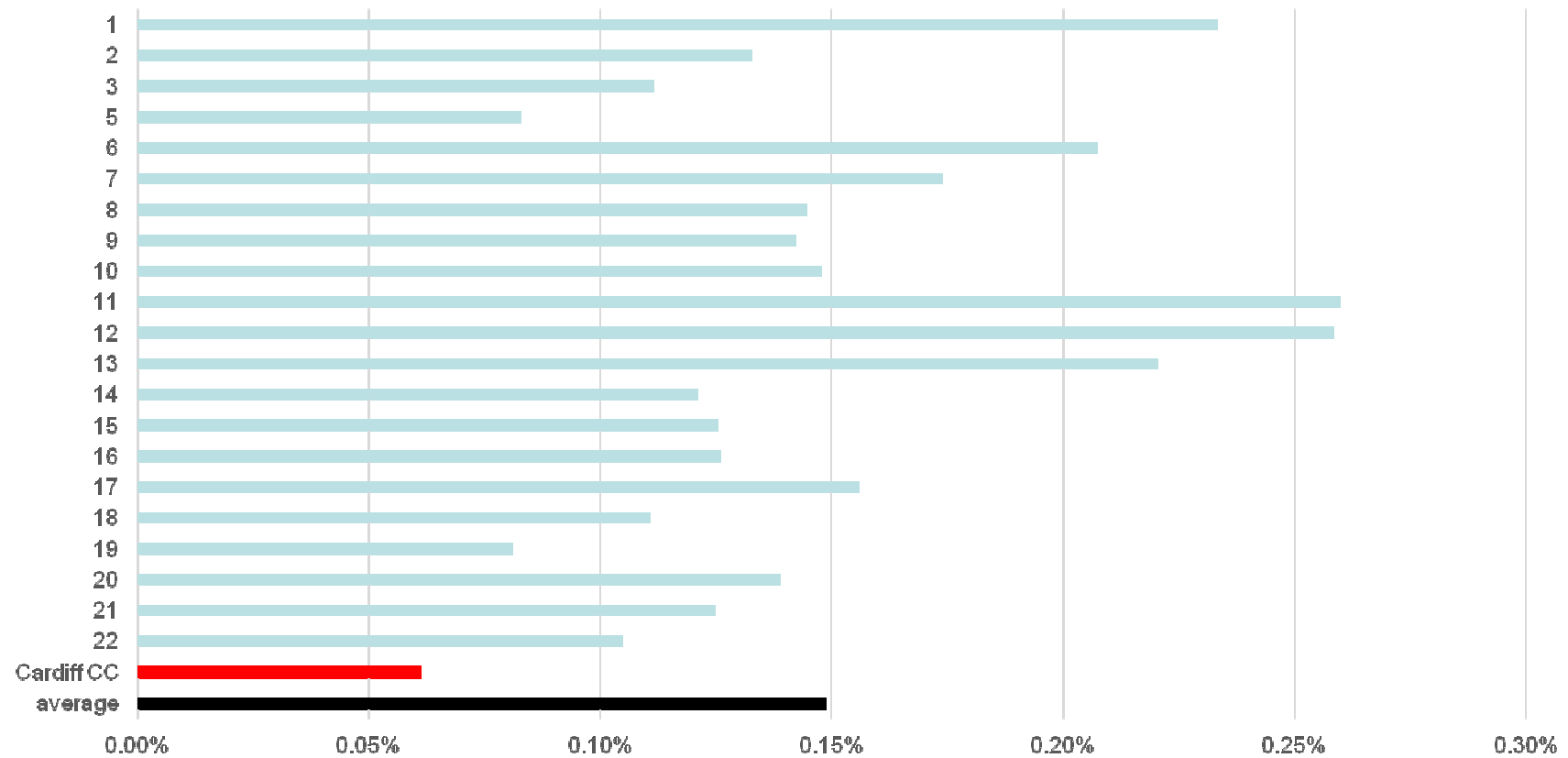
- We also compared the financial and performance audit fees as a percentage of net cost of service and as a percentage of RSG against the other Welsh local authorities, the results are shown on the following slides.
- In all of the comparisons fees are below the average.



Comparison to Welsh Councils Financial Audit fee



Financial Audit Fees as a % of net cost of services

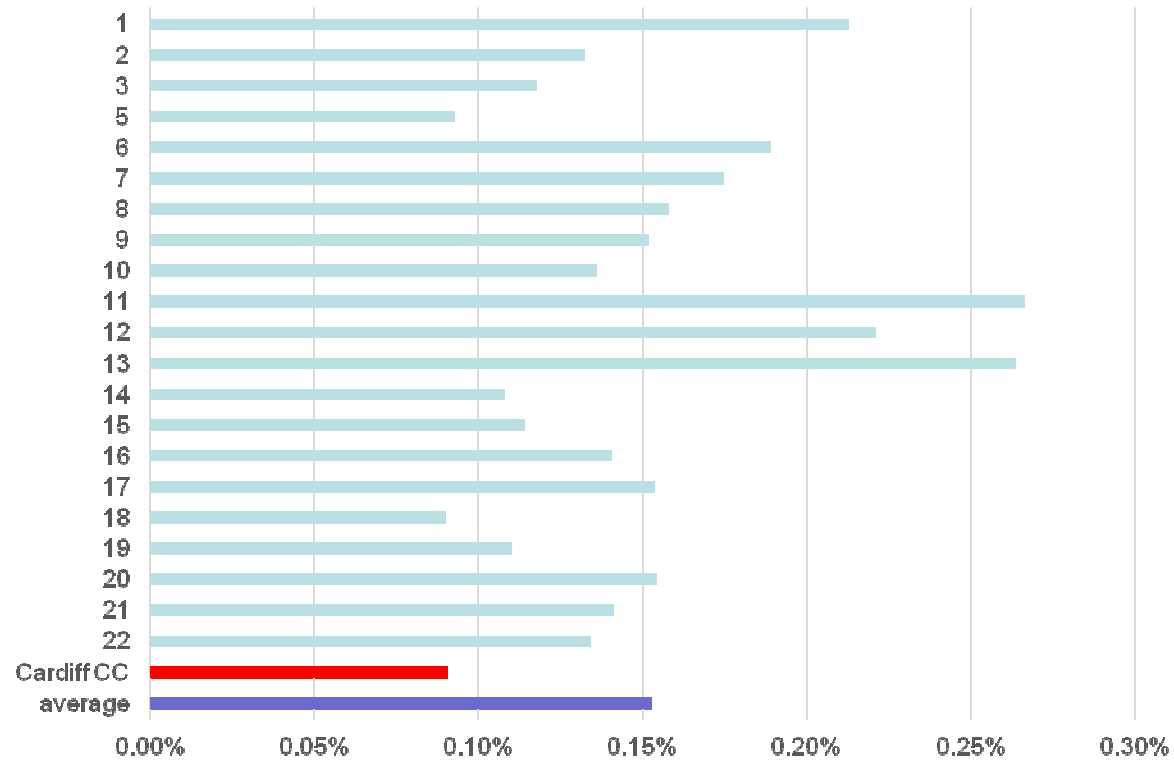




Comparison to Welsh Councils Financial Audit fee



Financial Audit Fees as a % of RSG

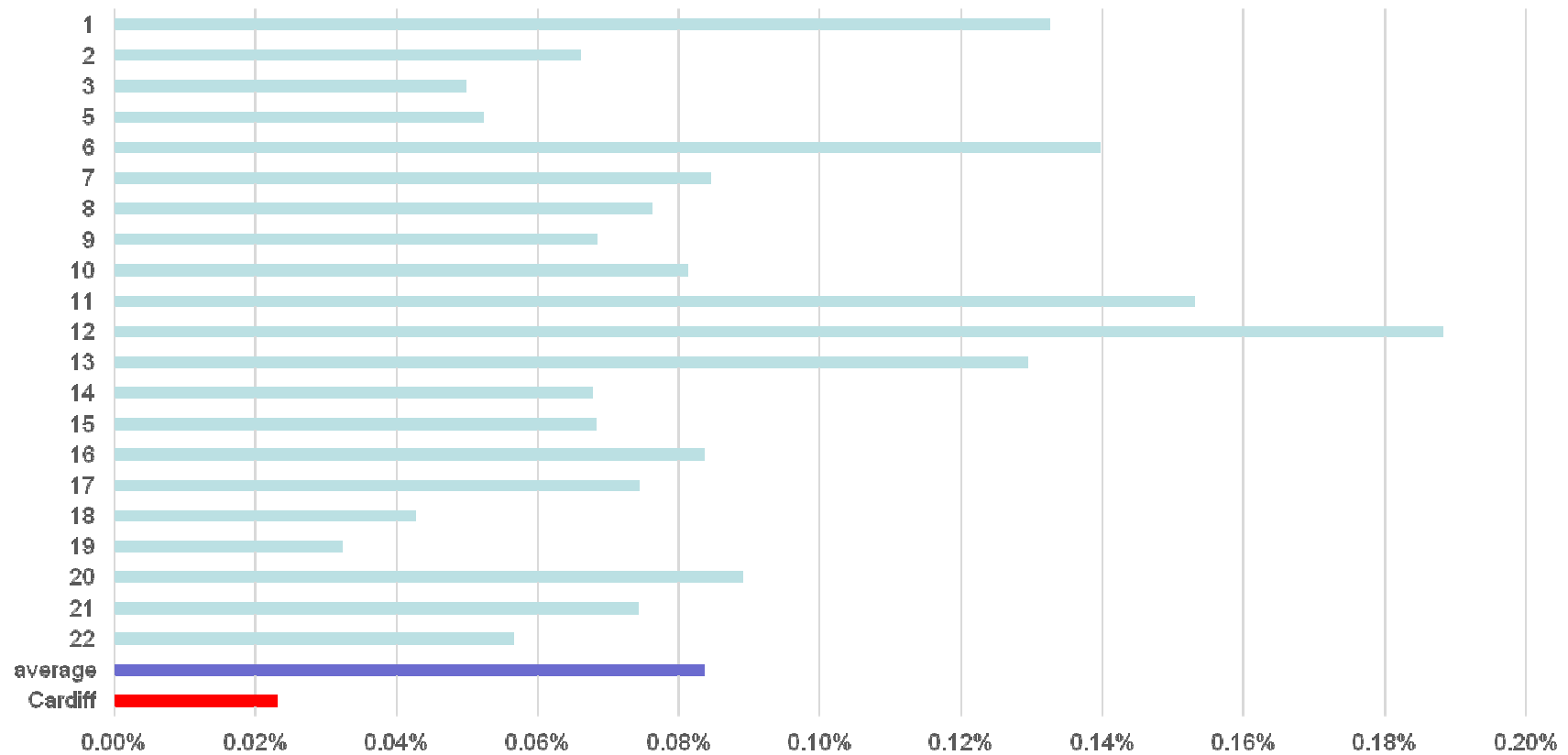




Comparison to Welsh Councils Performance Audit fee



Performance Audit Fee as a percentage of net cost of service

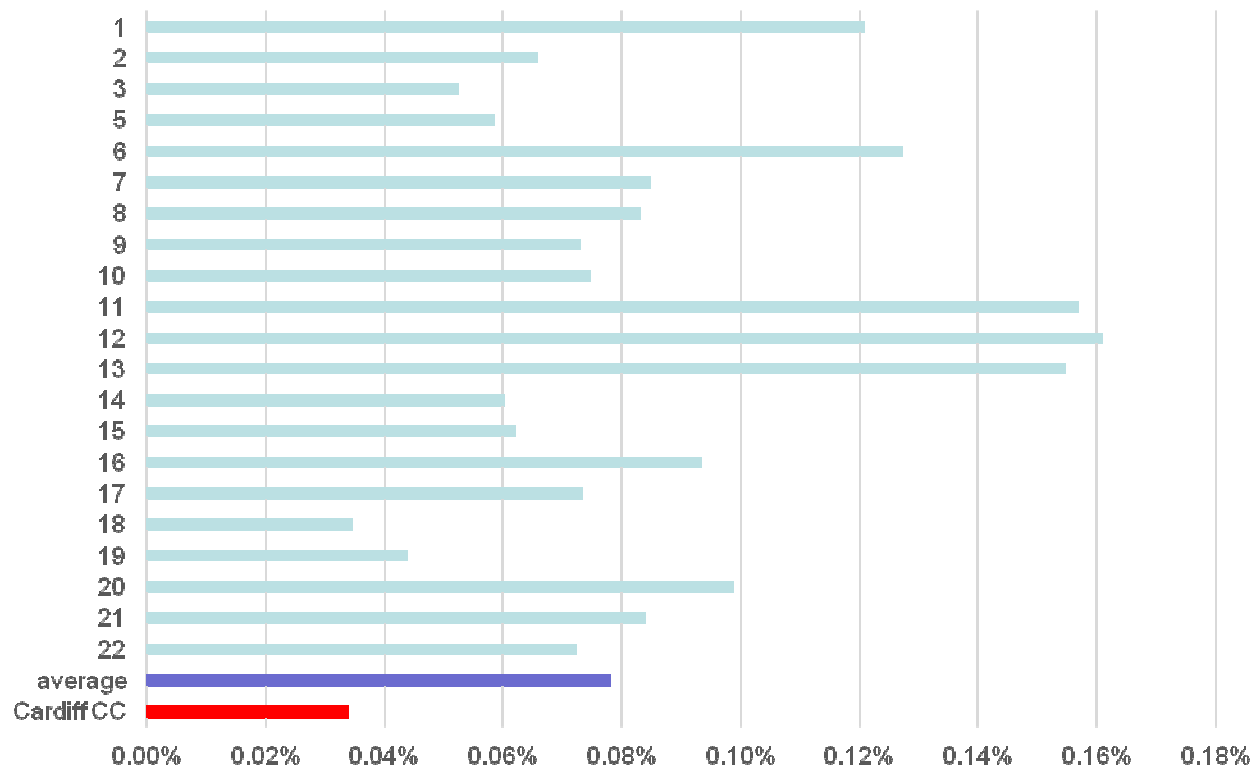




Comparison to Welsh Councils Performance Audit fee



Performance fee as a % of RSG





Year on Year analysis of Fees



- Finally, the following table compares the Council's fee over a 3 year period for information.

	2013-14	2014-15	2015-16	
Financial Audit	323,288	312,284	291,200	
Performance Audit	108,774	108,774	108,774	
Total Fee	432,062	421,058	399,974	



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