



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Fee Scheme 2014

This is a fee scheme prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013. It is the first Fee Scheme published by the Wales Audit Office and applies for the 2014 and subsequent calendar years unless it is revised or remade.

This fee scheme is laid before the National Assembly under section 24(4)(c) of the Public Audit (Wales) Act 2013.

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Introduction

- 1 This fee scheme has been prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013 (the Act) ([Appendix 1](#)). The fee scheme, following approval by the National Assembly, will provide the basis on which the Wales Audit Office will charge audit fees.
- 2 In broad terms, the fee scheme sets out:
 - the enactments under which the Wales Audit Office charges audit fees; and
 - the arrangements for setting those fees.
- 3 The Wales Audit Office's arrangements comprise either:
 - fee scales that set out fee ranges for particular areas of audit work ([paragraphs 10 to 12](#)); or
 - fee rates for work not covered by fee scales ([paragraphs 13 to 16](#)).
- 4 Much of the audit work that will be undertaken during 2014-15 relates to the 2013-14 financial year and will be undertaken under the Auditor General's fee charging powers, rather than the Wales Audit Office's powers.
- 5 There is no requirement to have a fee scheme in place for this 2013-14 audit work. However, the Wales Audit Office will need to have in place a fee scheme for this work for the 2014-15 financial year.
- 6 The Wales Audit Office does, however, need to have in place a fee scheme for certain elements of 2013-14 audit work not covered by the Auditor General's fee charging powers. Specifically, the Wales Audit Office needs to have in place before 1 April 2014 this initial fee scheme to allow the Wales Audit Office to charge for those areas of work listed in [paragraph 13](#).
7. In addition, the Wales Audit Office will also need to issue an updated fee scheme as soon as possible after 31 March 2014 to include fee scales for those activities outlined in [paragraph 11](#) as otherwise the fee scheme would be incomplete under legislation. The Wales Audit Office does not have powers under the Act to prescribe fee scales for this work before 1 April 2014.
8. Audit fees are the main, but not the only, source of the Wales Audit Office's funding. Full information about the Wales Audit Office's funding is contained in annual estimates of income and expenditure which are laid before the National Assembly.

List of enactments

9 **Exhibit 1** sets out the statutory enactments under which the Wales Audit Office may and must charge fees, as at 1 April 2014.

Exhibit 1: Statutory fee charging enactments

Nature of work	Statutory enactments
The Wales Audit Office may charge fees for the following activities	
<ul style="list-style-type: none"> Audit of accounts by the Auditor General (other than local government accounts) 	Section 23(2) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Value-for-money studies undertaken by agreement 	Section 23(3)(a)-(c) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Any administrative, professional or technical services to be provided by the Wales Audit Office or the Auditor General by arrangement under section 19 of the Act 	Section 23(3)(d) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An extraordinary audit of a local government body 	Section 37(8) of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> Data matching exercises A fee scale must be prescribed for this work 	Section 64F(A1) of the Public Audit (Wales) Act 2004
The Wales Audit Office must charge fees for the following activities	
<ul style="list-style-type: none"> Work under the Local Government (Wales) Measure 2009 A fee scale must be prescribed for this work 	Section 27 of the Local Government (Wales) Measure 2009
<ul style="list-style-type: none"> Grant certification services 	Section 23(4)(a) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Studies at the request of educational bodies under section 145B of the Government of Wales Act 1998 	Section 23(4)(b) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Auditing the accounts of a local government body and undertaking studies by agreement with a local government body A fee scale must be prescribed for the audit of the accounts of local government bodies 	Section 20(A1)(a)-(b) of the Public Audit (Wales) Act 2004
Other fee charging provisions	
<ul style="list-style-type: none"> Benefit administration studies for the Secretary of State. The amount of the fee must be a reasonable amount agreed between the Secretary of State and the Wales Audit Office. 	Section 45 of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> Assisting Her Majesty's Chief Inspector for Education and Training in Wales 	Section 41A of the Education Act 1997

Fee scales

- 10 Fee scales are a means of regulating the cost of public audit, through setting limits and by reviewing fees against those limits. 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.
- 11 The Wales Audit Office is required to prescribe fee scales for:
 - work relating to the audit of local government bodies;
 - work under the Local Government (Wales) Measure 2009; and
 - data matching work.
- 12 As explained in [paragraph 7](#), the Wales Audit Office is not able to prescribe these fee scales until after 31 March 2014. Accordingly, this scheme will be revised as soon as possible after that date to incorporate appropriate fee scales.

Other fees

- 13 Audit and inspection fees reflect the amount of staff time that will be spent on that audit or inspection. Staff are charged to audits at grade-related hourly rates. In accordance with the Public Audit (Wales) Act 2013, these hourly rates have been calculated so as not to recover more than the full cost of carrying out that work. Hourly rates reflect the direct costs of staff plus an appropriate proportion of overheads. Other than as specified elsewhere in this scheme, audit fees will be charged in accordance with the hourly fee rates set out in [Exhibit 2](#). These rates will apply to:
 - value-for-money studies undertaken by agreement;
 - the provision of administrative, professional or technical services (eg, work with professional bodies) agreed from 1 April 2014;
 - extraordinary audits of local government bodies;
 - grant certification services; and
 - studies at the request of educational bodies.
- 14 Such rates will also provide the basis for agreeing the fee for benefit administration studies and assistance with education inspections. They will also be the basis for determining fees that are different from those specified by a scale set under section 20 of the Public Audit (Wales) Act 2004 on the grounds that the work involved in a particular audit differs substantially from that envisaged when prescribing the appropriate scale, as may, for example, be the case where additional work is necessary in order to produce a report in the public interest.

Payment of fees

- 15 In the case of the provision of administrative, professional or technical services agreed before 1 April 2014, fees will be charged in accordance with the relevant agreement, subject to such fees being capped at the full cost of providing the service.
- 16 Where specialist support or legal or professional advice is required, this will be charged to audited bodies in addition to the cost of Wales Audit Office staff.
- 17 Where audit fees are set and charged in advance, those fees (plus VAT where appropriate) are collected in monthly instalments from audited bodies, unless otherwise agreed.
- 18 Where fees are calculated on a daily basis, those fees (plus VAT where appropriate) are collected on completion of the work or in stage payments as the work progresses.

Exhibit 2: Hourly fee rates

Grade	Hourly rate (£ per hour)
Financial audit	
Engagement lead	£162
Audit manager	£111
Team leader	£75
Team member	£56
Trainee	£45
Technician	£30
Performance audit	
Engagement lead	£173
Performance audit manager	£111
Performance audit lead	£93
Performance auditor	£65

Public Audit (Wales) Act 2013

– full text of section 24

- 1 The Wales Audit Office must prepare a scheme relating to the charging of fees by the Wales Audit Office.
- 2 The scheme must include the following:
 - a a list of the enactments under which the Wales Audit Office may charge a fee;
 - b where those enactments make provision for the Wales Audit Office to prescribe a scale or scales of fees, that scale or those scales;
 - c where those enactments make provision for the Wales Audit Office to prescribe an amount to be charged, that amount; and
 - d where no provision is made for a scale or scales of fees or for an amount to be prescribed, the means by which the Wales Audit Office is to calculate the fee.
- 3 The scheme may, amongst other things:
 - a include different provision for different cases or classes of case; and
 - b provide for times at which and the manner in which payments are to be made.
- 4 The Wales Audit Office:
 - a must review the scheme at least once in every calendar year;
 - b may revise or remake the scheme at any time; and
 - c must lay the scheme (and any revision to it) before the National Assembly.
- 5 Where the Welsh Ministers prescribe a scale or scales of fees under:
 - a section 64F of the Public Audit (Wales) Act 2004 (fees for data matching); or
 - b section 27A of the Local Government (Wales) Measure 2009 (Welsh Ministers' power to prescribe a scale of fees), to have effect instead of a scale or scales prescribed by the Wales Audit Office, the Wales Audit Office must revise the scheme to include the scale or scales prescribed by the Welsh Ministers instead of those prescribed by the Wales Audit Office.
- 6 If a revision made in accordance with subsection (5) is the only revision to a scheme, it does not require the approval of the National Assembly.
- 7 The scheme takes effect when approved by the National Assembly or, in the case of a revision made in accordance with subsection (5), once it has been laid before the Assembly.
- 8 The Wales Audit Office must publish the scheme (and any revision to it) as soon as reasonably practicable after it takes effect.