

Fee Scheme 2025-26

January 2025

This is a fee scheme prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

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Introduction

- 1 This Fee Scheme has been prepared under section 24 of the Public Audit (Wales) Act 2013 (the Act) (**Appendix 1**). The Fee Scheme, following approval by the Senedd, provides the basis on which we charge fees.
- 2 This Fee Scheme sets out:
 - the enactments under which we charge audit fees (**Appendix 2**).
 - the arrangements for setting those fees, which comprise either:
 - fee scales that set out fee ranges for particular areas of audit work in local government; or
 - fee rates for work not covered by fee scales.
- 3 Broadly, 67% of our expenditure is funded through fees charged to audited bodies. The remaining 33% is provided from the Welsh Consolidated Fund through the budget motion passed by the Senedd.
- 4 Legislation requires that the fees we charge a body **may not exceed** the full cost of exercising at that body the function to which the fee relates. 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. We do not and cannot make profits on our work. Our fee rates are set at a level to recover the estimated full cost but no more.
- 5 There is a tension between providing audited bodies with an up-front fee for the work to be undertaken on specific audits and having a sufficiently flexible regime that recognises the inevitability of variances. We set our audit fees based on our estimated expenditure, the estimated skills mix and the estimated number of days required to complete the work. Where the required work is significantly greater than that originally estimated, because of complexities experienced during the audit, we may charge a higher fee, as permitted by legislation.
- 6 As set out in our consultation on proposed fees in September 2024, 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.

- 7 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.
- 8 For 2025-26 we have identified efficiencies which will help us keep the average increase in fee rates to under 1.7% as compared to the 1.8% increase anticipated in the consultation.
- 9 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 have now reviewed the implementation of this new audit approach and identified efficiencies which allow us to reduce our fee scales for Unitary Authorities by an average of 3% in 2025-26.
- 10 We continue to make significant investment in audit quality to respond to UK-wide reviews¹ of audit and new professional standards. These various reviews reflect increasing expectations of audit and of the quality of that audit.
- 11 We went beyond the statutory fee consultation requirements and, in September 2024, consulted all audited bodies and other stakeholders on our proposed fee rates and fee scales for 2025-26.
- 12 We received just 6 responses 5 of which were supportive of our proposals and 1 where no comment was made.
- 13 We have consulted separately with One Voice Wales² on proposed changes to our fee scales for Town and Community Councils which reflect our experience of the new audit regime that we have been operating since 2020. The fee scales included within this document have been agreed with One Voice Wales.

1 Competition and Markets Authority Review; Kingman Review; and Brydon Review

2 One Voice Wales is the representative body for Town & Community Councils in Wales.

Fee rates and fee scales

Fee rates 2025-26

14 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	183	179
Audit Manager	141	137
Audit Lead	115	112
Senior Auditor	91	91
Auditor	66	64
Graduate trainee	59	59
Apprentice	47	46

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

Local Government Fee scales 2025-26

- 16 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.
- 17 Fee scales for the audit of 2024-25 financial accounts, together with fee funded performance audit work to be undertaken in 2025-26, are provided in **Appendix 3** in relation to unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners, chief constables, town and community councils, and local government pension funds.
- 18 A separate fee scale is provided in relation to the NFI.
- 19 Performance audit includes sustainable development examinations, improvement information audits, improvement assessments and special inspections. Not all these functions apply to all types of audited body.
- 20 Audited bodies not covered by the statutory requirement for a fee scale have their estimated audit fees calculated in the same way as for those which are covered – that is, through applying the fee rates published in this Fee Scheme to the estimated team mix and hours of input required for the audit.
- 21 Auditors undertake grant certification work 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 calculated using the fee rates and reflecting the size, complexity or any particular issues in respect of the grant in question.
- 22 The fee rates apply to all audit work except to the extent that the fee scales, where applicable, regulate the amount to be charged (or in the case of work done under agreements made prior to 1 April 2014, rates are in terms as agreed). If it subsequently appears that the work involved in a particular audit differs substantially from that originally envisaged, we may charge a fee which differs from that originally notified.

- 23 In the case of the provision of other administrative, professional or technical services provided, fees will be charged in accordance with the relevant agreement, subject to such amounts being capped at the full cost of providing the service.
- 24 To meet statutory responsibilities, it is sometimes necessary for auditors to carry out work which goes beyond their general duties. Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to electors' questions and objections, and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required and are calculated by applying the fee rates published in this Fee Scheme to the team mix and hours of input required for the work.
- 25 Where specialist support or legal or other professional advice is required, this will be charged to audited bodies in addition to the cost of our audit staff.

Charging of fees

- 26 Each body's Engagement Director will explain the skills mix needed for the audit and the factors influencing the overall fee. Charging arrangements are agreed with audited bodies and may encompass one-off, periodic, regular or annual charging, as appropriate in the circumstances.
- 27 Audited bodies are expected to pay our invoices within their performance target for creditor payments, which is usually ten days. We may charge for the administrative costs incurred in pursuing late payments.
- 28 If required by audited bodies, a purchase order for the agreed audit fee should be raised in advance of invoices being sent.
- 29 On completion of audit assignments, we will assess the actual costs incurred in undertaking the assignment in comparison with the fee charged. We will refund any excess of fee over cost and, conversely, we may charge additional costs where the fee falls short. We will process refunds and additional charges in a manner which seeks to minimise administrative costs, such as through offsetting against future fees or fees for other aspects of audit activity.



Appendices

- 1 Public Audit (Wales) Act 2013 – full text of section 24**
- 2 List of enactments under which the Wales Audit Office may and must charge fees**
- 3 Local Government Fee Scales 2024-25**

1 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;
 - (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^[3].

³ The extant legislation refers to the 'National Assembly' despite the change in name to 'Y Senedd/The Welsh Parliament'.

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- (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.

2 List of enactments under which Audit Wales may and must charge fees

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities	
Audit of accounts by the Auditor General (other than local government accounts).	Section 23(2) Public Audit (Wales) Act 2013
Value for money studies undertaken by agreement (except educational institutions and local government bodies – see below).	Section 23(3)(a), (b) and (c) Public Audit (Wales) Act 2013
An examination, certification or report under section 31 of the Tax Collection and Management (Wales) Act 2016 in respect of the Welsh Revenue Authority's Tax Statement.	Section 23 (3)(ba) Public Audit Wales Act 2013
An examination under section 15 of the Well-being of Future Generations (Wales) Act 2015 (anaw 2) (examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle).	Section 23(3)(ca) Public Audit (Wales) Act 2013
Any functions of a relevant authority exercised by the Wales Audit Office or the Auditor General and undertaken by agreement, and 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 Public Audit (Wales) Act 2013.	Section 23(3)(d) Public Audit (Wales) Act 2013
An extraordinary audit of the accounts of a local government body.	Section 37(8) of the Public Audit (Wales) Act 2004

Nature of work	Enactments
Advice and assistance provided by the Auditor General for registered social landlords.	Section 145D(2) of the Government of Wales Act 1998 Terms of payment may only be made in accordance with a scheme for charging fees under s24 of the Public Audit Wales Act 2013
The Wales Audit Office must prescribe fee scales for the following activities	
Audit of accounts of local government bodies	Section 20(A1)(a) of the Public Audit (Wales) Act 2004
Assistance to HM Chief Inspector of Education and Training Wales	Section 41A(6) of the Education Act 1997
Studies relating to Registered Social Landlords (housing associations)	Section 145C(3) of the Government of Wales Act 1998
Studies at request of local government bodies	Section 20(A1)(b) of the Public Audit (Wales) Act 2004
Benefit administration studies for the Secretary of State	Section 45(7) of the Public Audit (Wales) Act 2004
Grant certification services	Section 23(4)(a) Public Audit (Wales) Act 2013
Studies at the request of educational bodies	Section 23(4)(b) Public Audit (Wales) Act 2013
Improvement information audits, improvement assessments and special inspections of Welsh Improvement Authorities	Section 27 of the Local Government (Wales) Measure 2009
Special inspections of principal councils	Section 101 of the Local Government and Elections (Wales) Act 2021

3 Local Government Fee Scales 2025-26

Fee scales for work undertaken under the National Fraud Initiative (NFI)

- 30 The Auditor General conducts the NFI using his statutory data-matching powers under Part 3A of the Public Audit (Wales) Act 2004.
- 31 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.
- 32 Since 2015, the Finance Committee has supported the principle of participation in NFI for all public bodies in Wales at no cost to those bodies. Our recent biennial report identified outcomes valued at £7.1 million across Wales's public services, increasing cumulative outcomes to £56.5 million since 1996.
- 33 Since April 2015, the Senedd has met the costs of running the NFI through payment from the Welsh Consolidated Fund. 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

Unitary authorities

Exhibit 3: 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	141	166	191	171
200	170	200	230	205
300	189	222	256	229
400	204	240	276	247
500	217	255	293	262
600	227	267	308	275
700	237	279	320	287
800	245	289	332	297
900	253	298	343	307
1,000	260	306	352	315
1,100	267	314	361	324
1,200	273	322	370	331

Exhibit 4: 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	134	115

Local Government Pension Funds

Exhibit 5: fee scale for audit of 2024-25 accounts

All pension funds	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
	43	56	58	56

Fire and Rescue Authorities

Exhibit 6: fee scale for audit of 2024-25 accounts

Gross Expenditure £ million	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
20	41	49	56	50
40	50	59	67	60
60	55	65	75	67
80	60	70	81	72
100	63	75	86	77

Exhibit 7: 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: fee scale for audit of 2024-25 accounts

Gross Expenditure £ million	Fee range			Previous Year
	Minimum £'000	Median £'000	Maximum £'000	Median £'000
2	26	30	35	31
4	31	36	42	37
6	34	40	46	42
8	37	44	50	45
10	39	46	53	48

Exhibit 9: 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	24

Police and Crime Commissioners

- 34 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: 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	71	82	93	84
100	84	97	110	100
150	92	107	122	110
200	99	115	131	118
250	105	122	139	125
300	109	127	145	131
350	114	132	151	136

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

- 35 Town and community councils in Wales are subject to a limited assurance audit regime. The audit arrangements are made to discharge the Auditor General's duties under the Public Audit (Wales) Act 2004. The audit is not commissioned by individual councils.
- 36 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
2024-25 audits	Full audit	Basic audit	Basic audit
2025-26 audits	Basic audit	Full audit	Basic audit
2026-27 audits	Basic audit	Basic audit	Full audit

- 37 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 6**.
- 38 **Exhibit 12** provides a range of fees for differing sizes of councils as measured by income and expenditure. These updated ranges take into account Audit Wales' experience of fees arising from the 2021-22 to 2023-24 audits.

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	£250 – £500	£300 – £700	£500 – £900	£600 – £1,000	£600 – £1,250	£800 – £1,500
Limited procedures	£200 – £300	£200 – £300	£200 – £300	£250 – £350	£250 – £350	£250 – £350

Fee rates for other work in local government

- 39 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.
- 40 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.
- 41 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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