

REPORT OF CHIEF EXECUTIVE

SUBJECT:
**RESPONSE TO THE CONSULTATION BY THE WALES AUDIT OFFICE ON
PROPOSED LOCAL GOVERNMENT AUDIT AND INSPECTION FEES FOR 2013-
2014.**

Purpose of Report

To inform members the response submitted by the Authority to this consultation

Background

On 7th December 2012 we received notification of a consultation by the Auditor General for Wales on “*Local Government Audit and Inspection Fees for 2013 -2014*”.

The document states that:

“For 2013-14, through making further internal efficiencies and exercising pay restraint (at the WAO), I am able to propose the following revisions to my fee scales and associated fee rate ranges:

- lower fee scale medians in real terms for all types of local government body other than national park authorities and police bodies (see Appendix 1); “

Appendix 1 of the consultation document includes the following in relation to National Park Authorities:

“Whilst individual fees are unlikely to change (subject to changes in local circumstances), the fee scale median for national park authorities (NPAs) will increase for 2013-14. The fee scale proposed now more accurately reflects total Wales Audit Office input and bears better proportionate comparison to the level of direct Wales Programme for Improvement grant that supports our work at NPAs in order to meet the legislative requirements of the Local Government (Wales) Measure 2009.”

The proposed revised fees are as follows:

2013-2014 Fees for National Park Authorities

Gross Expenditure in 000,000	Fee Range			
	Minimum	Median	Maximum	2012-2013 Median
2	18	23	28	17
4	24	30	36	22
6	28	35	42	26
8	31	39	47	30
10	33	42	52	32

Our Response

Our response to the consultation highlighted the following:

- that the fee structure disproportionately penalises National Park Authorities (NPAs). With 0.42% of NPA expenditure being spent on Audit fees compared with 0.03% for Local Authorities;
- the impact of the proposal to amalgamate the Gross Expenditure Bands in relation to National Park Authority fees, to create bands for every £2million of expenditure instead of every £1million;
- questions the justification for increasing the fees; and
- emphasises that increases in audit fees can only be accommodated by reducing other services.

Due to the closing date for the consultation being 18th January 2013, the response outlined in Annex A was submitted on 14th January 2013.

The response is provided for Members information.

Recommendation

That Members note the response submitted to the consultation

Background Documents

Copy of the consultation document: *Local Government Audit and Inspection Fees for 2013 -2014* - http://www.wao.gov.uk/assets/englishdocuments/LG_Fee_Scales_2013-14.pdf

(Contact Tegryn Jones – Chief Executive)

14th January 2013



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INVESTOR IN PEOPLE
BUDDSODDWR
MEWN POBL

Mr Hugh Vaughan Thomas
Auditor General for Wales
Wales Audit Office
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Dear Mr Vaughan Thomas,

I write in response to your consultation on the Wales Audit Office proposed Local Government audit and inspection fee scales for 2013-14.

The Authority welcomes the stated intent in the first paragraph on page 2 that “in recognition of the financial constraints faced by public sector bodies, we are continuing to seek to reduce our audit fees”. The year 2013-2014 will be the third consecutive year in which National Park Authorities grants and related levy have been frozen, representing a cut in real terms. We were therefore extremely surprised and disappointed to read your proposals that “the fee scale median for National Park Authorities (NPAs) will increase for 2013-14”.

Having considered your fee proposals I wish to make the following comments:

1. The fee structure disproportionately penalises National Park Authorities (NPAs). If you look at the median fee against gross spend (on spend over £10m) you’ll find that NPAs spend 0.42% on WAO fees compared to 0.085% for Fire and Rescue (on spend over £100m) and 0.03% for Unitary Authorities (on spend over £1,500m).
2. Your proposal to amalgamate the Gross Expenditure Bands in relation to National Park Authority fees indicates that the audit fees for our Authority will increase from £28,000 to £39,000, an increase of almost 40%. WAO Audit fees will represent 0.57% of our expected Gross Expenditure of £6.8million. This proportion of expenditure spent on audit work cannot be considered effective use of public money.
3. The justification for increasing the fees is that the rise in median fees will now more accurately reflect total Wales Audit Office input that supports your work at NPAs in order to meet the legislative requirements of the Local Government measure. With respect I disagree with this reasoning. We are all facing challenging times and the proper course of action is to manage the direct input from your office to keep within the existing fees. We do not consider that the

outcomes of WAO improvement work at NPAs, in order to meet the requirements of the Measure, justify the increase in fees.

4. We note that you state individual fees are unlikely to change but the proposed increase in fee scales offers us no security in this respect and we ask you to reconsider in light of the fact that further increases can only be funded by reductions in public services.

I trust you will take on board our comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Jones', with a stylized flourish at the end.

Tegryn Jones
Chief Executive