

## **Summary of the PSAA Consultation Document**

1. The PSAA introduced factors that needed to be considered as part of the fee consultation. These were:
  - a. The ongoing audit fee variation work and implications stemming from the 2018/19 and 2019/20 audit work.
    1. Due to lots of fee variation submissions to the PSAA, it is suggesting this work should be baselined through revised fee scales and potentially recognised as ongoing work each year.
    2. The enhanced regulatory checks required around Property, Plant, and Equipment (PPE) and Employer Pension schemes.
  - b. Further work coming from audit work developments, such as changes to the code of audit practice – eg VFM opinion and IFRS16 – accounting treatment of Lease.
  - c. Redmond Review recommendations (reported previously to this committee).
  - d. Inflation impacts
2. There are lots of unknown impacts of the above, in terms of work involved.....but PSAA recognise the need to change the fee scales as they expect more work rather than less.
3. The PSAA proposal stemming from above is to use:
  - a. 2020/21 fees as a base;
  - b. PLUS - relevant additional work from previous audit (eg PPE, Pension plus other)
  - c. PLUS - Additional work coming from audit code changes and new reporting requirements (IFRS16)
  - d. PLUS - inflation
4. Audited bodies were asked to comment on the proposals.

## **Response from the WY Combined Authority**

1. Largely agree the proposal seems a sensible approach.
2. However, it needs a clear rationale for assessing the additional work and to ensure that all work is / was necessary - ie did all auditors take the same approach or were some 'lighter' touch but still acceptable / thorough?
3. Consideration also needed of CIPFAs work on 'Clarity & Streamlining' of accounts.....for example is there any impact on less complicated the accounts that are subject to audit?

- a. Also, would further standardisation (if planning any plans to do this?) would have an impact on audit workloads?
4. Redmond Review - other findings to consider in the review such as;
- a. Audit firms to have and demonstrate they have public sector skilled staff (this impacts the work they have to do to 'catch up / read up' on public sector accounting arrangements, regulations etc..).
  - b. Ensure audit firms with the requisite capacity, skills and experience are not excluded from bidding for local audit work.
  - c. External audit to recognise that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice. Potentially can save external audit time and effort.