



PERTH AND KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

11 MARCH 2024

EXTERNAL AUDIT FEE FOR 2023/24

Report by Chief Finance Officer (Report No. G/24/31)

PURPOSE OF REPORT

This report requests approval from the Audit and Performance Committee for the proposed 2023/24 External Audit fee.

1. RECOMMENDATIONS

It is recommended that the Audit and Performance Committee:

- i) Note Audit Scotland's explanation for the increase in base fee.
- ii) Approve the proposed External Audit fee for 2023/24.

2. BACKGROUND/OVERVIEW

2.1 Audit fees are based on Audit Scotland's Funding & Fee Strategy. The two key principles for fee setting arrangements are:

- Audit fees should be set with the objective to recover the full cost of audit work in each sector;
- The cost of the audit should be independent of the identity or location of the auditor.

2.2 Each year Audit Scotland set a fee strategy and a base fee to be charged. However, fees can be charged at a higher rate if agreed between the auditor and Integration Joint Board (IJB). The IJB audit fee for last year reflected the Audit Scotland base fee.

2.3 In December 2023, Audit Scotland wrote to IJB Chief Finance Officers to indicate the fee level for 2023/24 audits. It has been confirmed that a rebate will be applied for the reduced travel and subsistence costs incurred during the 2022/23 audits.

2.4 The proposed fee for Perth & Kinross Integration Joint Board (IJB) is £33,360, this is a 6.0% increase on the base fee for last year. Audit Scotland have included an explanation for the increase, citing 3 main reasons:

- A challenging economic environment.
- Scope of audit – increased expectations on the wider audit profession.
- Ongoing process of recovery from the Covid-19 pandemic.

Table 1

	2022/23 Audit (Audit Scotland)	2023/24 Audit (Audit Scotland)	Increase / (Decrease)
Base Fee	£31,470	£33,360	6.0%
Additional Fee	-	-	-
Rebate from prior years	(£1,603)	(£585)	-
Total	£29,867	£32,775	9.74%

3. CONCLUSION

3.1 The Audit & Performance Committee are recommended to:

- Note the reasons Audit Scotland have given to explain the increase in base fee level;
- Approve the proposed External Audit fee for 2023/24.

Author(s)

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