

# Response to the consultation on 2019/20 scale of audit fees

December 2018



## About the Local Government Association

The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

We are a politically-led, cross party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.

The LGA was instrumental in establishing Public Sector Audit Appointments (PSAA) in response to a request by the government for a company to be established to manage the external audit contracts that were put in place by the Audit Commission.

This response has been approved by the lead members of the LGA's Resources Board.

## Response to consultation

The LGA welcomes the opportunity to respond to this consultation on the level of audit fees. The consultation proposes that the 2019/20 scale audit fees and indicative certification fees are set at the same level as the scale fees applicable for 2018/19.

The reduction in fees since the new contracts came into place in 2012/13 is welcome. However, it is important to Councils that any reduction in fees should not affect the quality of audit work and any further reduction in the future must not detrimentally impact the quality of audit work. Overall, therefore, the proposal to freeze the level of fees in 2019/20 is supported.

A number of our members have raised concerns that reducing audit fees could mean a reduction in quality and scope of audit, or that if additional work has to be done, even if it is easily foreseeable, then this could be accompanied by an additional fee. The audit work done should be focussed productively. We are aware, through our ongoing engagement with PSAA, of the steps that are being taken to ensure the audits are delivered in accordance with the contracts and the regulatory requirements, as referred to in the consultation. We will continue to work with PSAA to ensure the needs of the sector are met.

Submission