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Date: 20 December 2023

Jeanette Evans
Vice Principal Operations
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Via e-mail: jevans@glasgowkelvin.ac.uk

Dear Jeanette

I refer to your e-mail to John Gilchrist dated 7 November 2023 in which you shared your Audit Committee's concerns over the fee levels. Please accept my apologies for the delayed response.

In her letter dated 20 July Vicki Bibby set out the context for the fee increases in relation to the 2022/23 audits which took effect from 2023/24.

Audit Scotland reviews the fee levels on an annual basis, and these are then approved by the Audit Scotland Board in consultation with the Auditor General and the Accounts Commission.

We carefully consider both the overall level of fees and the impact that making significant changes might have both within each sector and across the broader public sector.

The 2022/23 fee levels were set on the basis of meeting the cost of audit. The rise in fees reflected the increased costs of audit, the increased expectations on audit based on the international auditing standards and the Code of Audit Practice and also the end of the discounts which had been secured under the previous audit appointments.

Our 2024/25 budget continues to reflect the ongoing uncertain and volatile world that we and the bodies we audit are operating in. The budget is designed to enable us to deliver a sustainable, high quality public audit regime in Scotland which will enable us to respond in a flexible and innovative way to demands and challenges facing the public sector in Scotland. The budget and the fee levels have been developed in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic. In developing the budget Audit Scotland has absorbed as much of the financial pressures as possible while recognising its obligation to break even within the one-year budget settlements it receives.

For the 2023/24 audit year we focussed on minimising the overall level of fee increases in recognition of the high level of inflation and the tight budgetary position faced by public bodies.

We were able to limit the increases in the Further Education to 6% and this was set out in more detail in the letter from Vicki dated 14 December 2023.

We will continue to review fee levels each year and we continue to consider ways to address this in a fair way that does not cause undue financial difficulty to the bodies affected.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Walker', is positioned above a horizontal line. The signature is fluid and cursive.

Martin Walker

Director of Corporate Support – Audit Scotland

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