

Additional information for 2025/26 audit fees and potential impact on audit input in subsequent years

**Opted-in local government, fire, police and other
bodies**

September 2026

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

The Secretary of State specified PSAA as an appointing person for principal local government bodies from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

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Summary

- 1 This briefing explains how changes in local audit requirements may affect fees for 2025/26 audits. It supports discussions between opted-in bodies and auditors about fee variations. It also highlights changes that may affect future audit years.
- 2 We are publishing this briefing alongside the launch of our [consultation on the 2026/27 fees](#). The final 2026/27 fee scale will be published on our website.
- 3 Our 2026 technical research reviewed revised auditing standards, accounting standards, the Code of Practice on Local Authority Accounting (The Accounting Code), the Service Reporting Code of Practice and National Audit Office (NAO) guidance. The research focused on changes that could materially affect audit work.
- 4 The research found no new requirement that should cause a general substantial increase in audit work for all 2025/26 audits. Most changes are narrow, apply to few bodies or have little effect on auditor input.
- 5 Additional work may still arise at individual bodies. The main sources are audit procedures to rebuild assurance after a backstop-related disclaimed opinion, value for money work where the auditor identifies significant weaknesses. These costs depend on each body and will be considered through the fee variations process.
- 6 The 2025/26 Accounting Code changes the treatment of non-investment assets. The changes simplify accounting, but auditors must still obtain sufficient appropriate audit evidence over material asset values. We do not expect a significant general change in audit input as the new financial reporting requirements are implemented in the first-year. CIPFA Bulletin 22 - Indexation application guidance has been issued to assist practitioners with the application of these requirements.
- 7 Bodies can limit additional work by preparing complete records, documenting key judgements and controls, resolving prior-year issues and responding promptly to audit queries. Engagement with auditors is essential on identification of risks of material misstatement both at audit planning and throughout the audit.
- 8 Some 2025/26 audits will have had a disclaimed or modified opinion in 2024/25 because of the 'backstop' legislation. In these cases, the total 2025/26 audit fee may include audit costs from auditors undertaking 'build-back' work in accordance with [Local Audit Reset and Recovery Implementation Guidance \(LARRIG\) 06](#) issued by the NAO. These costs and any corresponding adjustment to the published scale fee will be dealt with using the fee variation process.
- 9 MHCLG wrote to relevant Section 151 Officers on 26 June 2026 to explain the arrangements for clearing the audit backlog and rebuilding assurance, including

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audit fees and the build-back grant. Bodies affected by build-back work should discuss this with their auditor and consider the implications for financial planning.

- 10 The standards reviewed do not support a general adjustment to the 2025/26 fees. Body-specific additional work should continue to be addressed through fee variations until evidence supports any ongoing change to scale fees.

Changes in audit requirements

- 11 Standard and code setters including the Financial Reporting Council (FRC), International Accounting Standards Board (IASB) and the International Auditing and Assurance Board (IAASB), the NAO, and CIPFA/LASAAC make changes to the audit and accounting requirements over time. These changes can alter the extent of audit work required. When there is clear evidence that the additional work is significant and ongoing, we reflect the related costs in the fee scale.
- 12 We can only include additional fees in the published fee scale when we have sufficient and reliable information on the actual impact of a change in accounting or audit requirements. We do not include a contingency element in the fee scale, as this would mean bodies paying more than is necessary for their auditor to deliver an audit that meets the requirements of the NAO Code of Audit Practice (the Code) in years when additional requirements do not apply.
- 13 Annually, we engage independent experts to undertake technical research that helps us evaluate how changes to auditing standards, financial reporting standards, the CIPFA/LASAAC Accounting Code, and the NAO Code of Practice may affect audit fees. The research reviews all forthcoming changes and concentrates detailed analysis on those expected to have the greatest impact on audit procedures and fees.
- 14 We use the results of the research to support our work on setting the scale fees each year and considering fee variations requested by auditors. There can be a delay of more than one financial year between the introduction of a change in requirements and the point at which we can consolidate additional fees for ongoing work into the fee scale. This is because we need to wait for information on completed audits before we have sufficient evidence of the cost of the work to support any ongoing change in fees.
- 15 Additional fees arising between the introduction of new requirements and their inclusion in the fee scale are submitted to us as fee variations.
- 16 The next section of this briefing provides information for 2025/26 audits on changes in local audit requirements where we have determined there may be the need for additional fees at some audited bodies.

2026 research scope

17 Our 2026 research considered the potential impact of a range of revised local audit requirements, including:

- revised International Standards on Auditing (UK), including fraud, external confirmations, going concern, reporting and other information;
- International Financial Reporting Standards (IFRS) and amendments relevant to local public bodies;
- changes to the [2025/26](#) and [2026/27](#) Codes of Practice on Local Authority Accounting;
- changes to the [2026/27 Service Reporting Code of Practice](#); and
- NAO Auditor Guidance Notes, Local Audit Reset and Recovery Implementation Guidance and Specific Guidance Notes.

Fees research 2026: focus areas

18 After reviewing the full range of changes, we focused our detailed assessment on the following areas:

- CIPFA/LASAAC [Code of Practice on Local Authority Accounting 2025/26](#);
- NAO Auditor Guidance Note [\(AGN\) 03 Auditors' work on Value for Money arrangements](#)
- NAO [LARRIG 06 Rebuilding assurance](#)
- NAO [Supplementary Guidance Note \(SGN\) 05](#): Forming audit opinions where there is limited or no assurance over the classification between usable and unusable reserves.

Impact on 2025/26 audit work

19 The changes effective for 2025/26 do not support a general increase in fees. The table summarises the areas most relevant to fee discussions.

Pronouncements with potential impact on audit work for 2025/26

Description	First Accounting Year Relevant	Summary of changes or relevance for 2025/26 audits	Summary of expected impact
Code of Practice on Local Authority Accounting 2025/26	2025/26	Introduces a five-year revaluation approach supported by indexation,	Implementation of HM Treasury's Thematic Review on Non-investment Assets: • A revaluation expedient for property, plant and

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Description	First Accounting Year Relevant	Summary of changes or relevance for 2025/26 audits	Summary of expected impact
		historical cost for intangible assets and prospective transition. This is intended to reduce the frequency of full asset valuations.	equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. • Alternatively, a desktop valuation in year three in rare cases where no index is available. • Intangible assets to be held at historical cost only. • Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year figures. • To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36. Simplification of accounting for preparers. For tangible assets, unlikely to have significant impact for auditors as sufficient appropriate procedures still need to be undertaken in respect of valuation, including in respect of evidence that

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Description	First Accounting Year Relevant	Summary of changes or relevance for 2025/26 audits	Summary of expected impact
			there has been no material change in asset values. For intangible assets, reduction in audit work as work on valuation reduced. However, intangible assets less likely to be material. Overall impact on audit is yet to be determined.
AGN 03 - Auditors' work on Value for Money arrangements Publication date - Version issued on 23 March 2026 Implementation date - supersedes the guidance issued on 14 November 2024	2025/26 and open prior audits	Updates planning, risk procedures and evaluation under the 2024 Code, including major incidents, reorganisations and weaknesses identified by another auditor.	Auditors do not need to revisit risk assessments for open pre-2025/26 audits solely because of the revised AGN. The guidance clarifies the arrangements that fall within "proper arrangements" under the 2024 Code. It also covers planning, additional risk-based procedures and the evaluation of significant weaknesses, including those arising from major incidents, reorganisations or findings reported by another external auditor. The core VFM framework remains unchanged. Consequently, the impact on routine value for money work should be minimal. Costs may be significant where the auditor identifies significant weaknesses.
LARRIG 06 Rebuilding assurance Guides risk assessment for specified balances after a backstop-related	2024/25 onwards where applicable	Follows a series of LARRIGs sequentially numbered 01-05 which were issued between 10 September 2024 and 13 November 2024 setting out Local Audit reset	The guidance applies to English local authorities where the prior-year audit opinion was disclaimed because of the statutory backstop arrangements. It supports the auditor's risk assessment when rebuilding assurance over specified transactions, balances and disclosures that require further consideration

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Description	First Accounting Year Relevant	Summary of changes or relevance for 2025/26 audits	Summary of expected impact
disclaimed opinion. Publication date - version issued 5 June 2025 Implementation date - Effective - Immediate		and recovery implementation guidance Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions.	under LARRIG 05. The work required will depend on the balances affected and the evidence available. The impact is body-specific, and PSAA will consider any additional fees through the fee variation process.
SGN 05 Usable and unusable reserves Publication and implementation date - Version issued 15 December 2025	Open audits	Supports audit opinions where assurance over reserves classification is limited or absent.	The guidance supports auditors where they have limited or no assurance over the classification of usable and unusable reserves at bodies subject to the statutory backstop arrangements. Auditors should apply it alongside the C&AG's statutory guidance and the LARRIGs, particularly LARRIG 06 on risk assessment. The work required depends on the assurance gap, the quality of supporting records and the evidence needed to reach an audit opinion. The impact is body-specific, and PSAA will consider any additional fees through the fee variation process.

- 20** The effect of these requirements will vary between bodies. Auditors should submit a fee variation only where the requirement causes substantial additional work beyond the assumptions in the scale fee. We will use evidence from completed audits and fee variations to assess whether any recurring costs should be incorporated into a future fee scale.
- 21** Other changes reviewed for 2025/26 are unlikely to affect more than a small number of local public bodies and/or to change audit input materially. These include:

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- [ISA 260 \(Revised\) - Communication With Those Charged With Governance](#)
- [ISA \(UK\) 505 \(Revised\) – External Confirmations](#)
- [IAS 21 - The Effects of Changes in Foreign Exchange Rates *Lack of Exchangeability*](#)
- [IAS 28 - Investments in Associates and Joint Ventures](#)

22 If one of these changes results in substantial additional work at an individual body, the auditor may submit a fee variation proposal.

23 Appendix 1 provides information on factors that may affect the level of additional fee required at an individual body for a range of audit requirements and the actions bodies can take to mitigate the amount of additional work needed.

Pronouncements and draft pronouncements with potential impact on audit input in subsequent years'

24 Our research identified several changes that may affect audit work after 2025/26. The table below summarises each change, its expected implementation date and our initial assessment of its likely impact on audit work and fees. We will continue to review these developments and will adjust the fee scale only where final requirements and reliable cost evidence show a substantial and ongoing change in audit work.

25 The table distinguishes confirmed requirements from proposals that remain subject to consultation. We can assess confirmed requirements with greater confidence, but it is too early to assess proposals that may change before implementation.

Future changes in local audit requirements

Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
ISA (UK) 240 (Revised) - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements Publication date – March 2026	2027/28	Stronger communication with those charged with governance about fraud risks. Additional requirements for public interest entities.	Relatively minor enhancements. Requirement to discuss with TCWG risks of fraud. For public interest entities only, requirement to discuss suspected irregularities with the entity, inviting it to investigate and take appropriate action and, in default report to authorities.

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
Implementation date - Periods beginning on or after 15 December 2026			
ISA (UK) 700 (Revised) Publication date - Revised May 2026 Implementation date -Periods beginning on or after 15 December 2026	2027/28	Forming an Opinion and Reporting on Financial Statements. Changes to reporting, including key audit matters for bodies that voluntarily apply the UK Corporate Governance Code.	Inclusion of application material to discourage boilerplate disclosures. Certain decluttering provisions. Limited impact for entities that do not report under the UK Corporate Governance Code.
ISA (UK) 701 (Revised) Publication date – May 2026 Implementation date -Periods beginning on or after 15 December 2026	2027/28	Communicating Key Audit Matters in the Independent Auditor's Report	Reporting on key audit matters for entities that voluntarily comply with the UK Corporate Governance Code. For entities adopting the UK Corporate Governance Code, requirement to report on the impact of internal control on the audit and any significant deficiencies. Limited impact for entities not adopting the UK Corporate Governance Code
ISA (UK) 720 (Revised) The Auditor's Responsibilities Relating to Other Information Publication date – May 2026	2027/28	Requires an understanding of legal requirements and processes for preparing other information, with added work on inconsistencies	Additional requirement to obtain an understanding, based on work undertaken during the audit and to the extent necessary, of: - whether there are legal or regulatory requirements relating to other information; and

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
Implementation date - Periods beginning on or after 15 December 2026		and misstatements.	- the process for preparing other information. Additional procedures on inconsistencies and misstatements in context of understanding of legal and regulatory environment. Some additional input required. Nature of impact depends on the other information and the legal and regulatory requirements relating to it.
IFRS 18 - Presentation and Disclosure in Financial Statements Publication date – April 2024 Implementation date - Periods beginning on or after 1 January 2027	2027/28	Changes presentation and disclosure, including profit or loss categories, subtotals and management performance measures.	Carries forward most requirements of IAS 1 and adds supplementary requirements, including: • Categorising items in profit or loss as operating, investing or financing • Requiring additional profit subtotals • Distinguishing between integral and non-integral associates and joint ventures • Removing the choice of how to present cash flows from dividends and interest • Requiring additional disclosure about unusual items • Providing disclosure of management performance measures Unlikely to have significant impact on audit work.
Proposed amendments to UK auditing standards			
ISA (UK) 250 (Revised) – Publication date - Re-Consultation March 2026	2028/29	Consideration of Laws and Regulations in an Audit of Financial Statements	Replaces the distinction between 'direct' and 'other' laws and regulations (with only limited procedures required in respect of the latter) with a single category in respect of

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
Implementation date - 2028/29 Periods beginning on or after 15 December 2027			which procedures must be performed but with a strengthened risk assessment framework. However, amendments from 2023 Consultation to: • focus on identification of risks of non-compliance with laws and regulations giving rise to a risk of material misstatement; • focus on laws fundamental to operating aspects of business and ability to continue as going concern; and • clarification that specialist legal advice will not normally be needed. FRC impact assessment identifies increased effort of 15 hours per audit. Given the nature of the work this is likely to be at a relatively senior grade mix. Given that the statutory and regulatory framework for local authorities is complex but similar for many local authorities, firms may be able to share some research across similar bodies reducing time at individual engagements. Potential for further reduction if the LAO provided authoritative, researched guidance for use by all firms.
ISA (UK) 270 - Publication date - Re-Consultation March 2026	2028/29	Special Considerations for Audits of Public Interest Entities — Communicating	Wider reporting responsibilities outside the entity in the case of public interest entities than under ISA (UK) 250B but no inclusion of obligation to report 'reportable matters' in the

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
Implementation date - Periods beginning on or after 15 December 2027		and Reporting to an Appropriate Authority Outside the Entity	absence of a legal, regulatory or ethical requirement to do so. The FRC impact assessment indicates around one additional hour per relevant public interest entity audit. The standard will not apply to all bodies.
<i>Proposed amendments to new, revised or updated international auditing standards</i>			
ISA 330 - The Auditor's Response to Assessed Risks ISA 500 - Audit Evidence ISA 520 - Analytical Procedures Consultation August 2026 Publication date – Consultation August 2026 Implementation date – estimated 15 December 2029	Estimated 2030/31	New definition of audit evidence, allowing auditors to consider all information irrespective of its source	Strengthened evaluation of relevance and reliability of evidence. Reinforcement of professional scepticism. Wider definition of substantive procedures so not restricted to tests of detail and predictive analytical review. Requirement to consider the results of risk assessment analytical procedures in identifying and assessing risks of material misstatements. Recognition that when designing procedures, analytical procedures may be used with substantive procedures or tests of control may be used. Broader definition of tests of control to extend beyond test of assertion level risks of material misstatements. Facilitating auditor judgement about adopting a controls-based approach in response to risks of material misstatements. Application material about the use of technology.

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
			Conforming and consequential amendments to other standards. Overall, proposed amendments are major, but principles-based, with a significant implementation period anticipated. It is anticipated that they will facilitate review of firms' methodologies in the context of advances in technology. It is premature to assess the impact of the proposals.
<i>Proposed amendment to new, revised or updated international accounting standards</i>			
IAS 28 - Investments in Associates and Joint Ventures Exposure Draft: Equity Method of Accounting - IAS 28 Investments in Associates and Joint Ventures	Not yet confirmed	The proposed amendments clarify and standardise how the equity method applies to investments in associates and joint ventures. They address changes in ownership interests, transactions with investees, recognition of profits and losses, impairment and transition arrangements.	The amendments should reduce differences in accounting treatment by providing clearer requirements for applying the equity method. Entities may need to make adjustments at the transition date and apply other changes prospectively. This may require additional audit work in the first year for bodies with material interests in associates or joint ventures. The clearer requirements may reduce audit work in later years.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets Exposure Draft - Targeted	Not yet confirmed	The proposed amendments clarify the criteria for recognising and measuring provisions. They may result in	The revised recognition criteria may lead to earlier recognition of some provisions. Changes to the costs included in measuring provisions and the use of a risk-free discount rate may require bodies to revise

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
Improvements - Proposed Amendments to IAS 37 (November 2024)		earlier recognition in some cases, require indirect costs to be included where relevant and specify the use of a risk-free discount rate.	existing calculations and judgements. This may result in additional audit work in the first year of adoption, particularly where provisions are material.
<i>Code of Practice on Local Authority Accounting consultation</i>			
Code of Practice on Local Authority Accounting 2027/28 Publication date - Invitation to Comment on the 2027/28 Code of Practice on Local Authority Accounting in the United Kingdom (July 2026)	2028/29 in respect of (1) to (4) Unspecified for (5) 2027/28 for (6)	Consultation includes areas for discussion with no developed proposals. Those areas are not considered further.	The consultation covers the following proposals: Accountability report: Introduce a report setting out performance against funding metrics alongside the financial statements prepared under generally accepted accounting practice. The audit impact will depend on the content of the report and whether it is subject to assurance. Until these requirements are developed, the impact on audit work cannot be assessed. Primary financial statements: Revise the primary statements, including presenting income and expenditure by nature, removing some supplementary disclosures and reducing complexity arising from statutory overrides. The proposals may also remove the movement in reserves note. The audit impact will depend on the final reporting requirements and their relationship with the proposed accountability report. Disclosure notes: Revise the disclosure notes to reflect the proposed changes to the

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Requirement	First Accounting Year Relevant	Summary of changes	Summary of expected impact
			accountability report and primary statements. The audit impact will depend on the final disclosures and any related assurance requirements. Expenditure and Funding Analysis: Remove the requirement to prepare the Expenditure and Funding Analysis. This may result in a minor reduction in audit work. Sustainability reporting: Introduce sustainability reporting for local authorities with at least 500 full-time equivalent employees or total operating income above £500 million over a three-year period. The impact on audit work should be limited if the reporting is not subject to assurance. IFRS 18: Implement IFRS 18, with adaptations to the presentation and location of information to reflect the proposed accountability report. The audit impact will depend on the final accounting, reporting and assurance framework. Overall, it is too early to assess the impact on audit work and fees because the proposals and any associated assurance requirements remain under development.

26 Please note that the table above does not reference the upcoming accounting standard IFRS20 (Regulatory Assets and Regulatory Liabilities), which is expected to be implemented on accounting periods after 1st January 2029 as it is expected to have no impact on the public sector.

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- 27 Of the confirmed changes, the accounting standards most likely to have a significant impact on the audit process are ISA (UK) 720 and ISA (UK) 250.
- 28 Proposed ISA (UK) 270 would widen external reporting responsibilities for public interest entities. The current impact assessment indicates around one additional hour per relevant audit. It will not apply to all opted-in bodies.
- 29 International proposals on audit evidence, responses to risk and analytical procedures are extensive but remain at consultation stage. Their effect cannot yet be assessed. The long implementation period should allow firms to update methodologies and technology before the standards take effect.
- 30 We will continue to review these changes each year. We will adjust the fee scale only when final requirements and reliable cost evidence support an ongoing change. Our research identified some potential significant amendments in local audit requirements for future audit years where proposed changes are not yet confirmed. These included:
- Amendments to ISA (UK) 250 – Consideration of Laws and Regulations in an Audit of Financial Statements; and
 - Consultation on changes to the 2027/28 Code of Accounting Practice.
- 31 Our research will continue to review the impact of changes in auditing and accounting requirements on a year-by-year basis.

The fee variations process

- 32 Local audit regulations provide the statutory framework for audit fees and variations. We set and publish an individual scale fee for each opted-in body each year.
- 33 If an auditor considers that substantially more or less work is required, the auditor may submit a fee variation proposal. We assess the explanation, evidence, hours and grade mix before deciding the variation.
- 34 Normal audit work is work that would be required irrespective of the audit opinion issued on the previous year's financial statements. Depending on its nature, this work is either included in the scale fee or considered as a fee variation.
- 35 Build-back work is distinct from normal audit work. It is additional work required specifically to rebuild audit assurance following a disclaimed opinion arising from the local audit backlog arrangements. As build-back work is not part of the recurring annual audit, it is not included in the scale fee. The associated costs are therefore assessed separately through the fee variation process.

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- 36 For 2025/26, auditors should use this process for body-specific work arising from build-back, significant weaknesses in value for money arrangements or limited assurance over reserves. Proposals should distinguish recurring work from one-off work and avoid duplication with existing scale fee assumptions.
- 37 PSAA continues to review and strengthen the fee variation process to improve consistency, transparency and comparability in fee variation proposals across firms. During 2026, we commissioned an independent review of a sample of build-back related fee variations and used the findings to improve our approach. Firms are expected to provide clearer explanations of proposed work, stronger supporting evidence and earlier information about the likely nature, timing and cost of build-back activity. We have also introduced standard templates for build-back cost estimates, which firms are expected to share with affected bodies. These estimates support financial planning and discussion between bodies and auditors, but they do not predetermine any future fee variation determination.
- 38 When reviewing build-back fee variations, PSAA will distinguish between central project costs and body-specific audit work. We will assess proposals against the work undertaken, supporting evidence, build-back estimates previously shared with bodies and relevant cross-firm comparisons. We will investigate significant differences, seek additional evidence where necessary and exclude costs already recovered through other fee variations. Our objective is to ensure that fees reflect the work required at each body, while providing transparency for bodies and a fair and consistent basis for auditors to recover eligible costs.
- 39 Information on PSAA's [fee variations process](#) is available on our website.

Next steps

- 40 This briefing supports discussions between bodies and auditors about fee variations for additional audit work in 2025/26.
- 41 Bodies and auditors should discuss likely additional work early, agree the evidence required and keep a clear record of its cause and extent.
- 42 We adjust scale fees where evidence shows a substantial and ongoing change in the work required. Our aim is to incorporate recurring audit requirements into the fee scale so that each body's scale fee reflects its current audit needs.
- 43 We will use evidence from completed audits and fee variation submissions to decide whether recurring requirements should be incorporated into future fee scales.
- 44 We welcome questions or feedback on this briefing. Please contact workandfeesconsultation@psaa.co.uk.

Appendix 1: Factors that may affect additional fees

Value for money arrangements: AGN 03

Fees will usually be lower if ...	Fees will usually be higher if ...	Bodies can reduce the impact on fees by ...
• Previous audits and current-year planning have identified no significant weaknesses. • Arrangements for financial sustainability, governance and value for money are stable and well documented. • The body has experienced no major incidents or significant reorganisations during the year. • The body uses few complex, unusual or innovative service delivery arrangements. • Financial information, including the annual accounts, is prepared on time and supported by a clear audit trail. • The Annual Governance Statement provides a clear and balanced account of the body's arrangements. • Internal controls are effective, with no more than minor weaknesses. • The body provides complete and relevant supporting evidence. • The body responds promptly and fully to audit queries and interim reporting.	• Previous audits or current-year planning has identified significant weaknesses. • Arrangements for financial sustainability, governance or value for money have changed materially or are not well documented. • The body has experienced a major incident or significant reorganisation during the year. • The body uses complex, unusual or innovative service delivery arrangements. • Financial information, including the annual accounts, is late, incomplete or lacks a clear audit trail. • The Annual Governance Statement does not provide a clear and balanced account of the body's arrangements. • Internal control weaknesses are more than minor. • Supporting evidence is incomplete, unclear or inconsistent. • The body's responses to audit queries or interim reporting are late or inadequate. • The auditor needs to consider interim or statutory reporting.	• Addressing significant weaknesses and agreed actions from previous audits promptly, and monitoring progress. • Maintaining clear, current evidence for financial sustainability, governance and value for money arrangements. • Engaging with the auditor early about material changes, major incidents, reorganisations and complex service delivery arrangements. • Preparing financial information, including the annual accounts, on time and with a clear audit trail. • Providing a clear and balanced account of the body's arrangements in the Annual Governance Statement. • Maintaining effective internal controls and current supporting documentation. • Documenting major decisions, risks, mitigations and financial implications clearly. • Providing complete, relevant and well-organised evidence to support financial reporting and value for money arrangements. • Responding promptly and fully to audit queries and requests for information. • Considering interim and statutory reporting promptly and maintaining open communication with the auditor.

Non-investment assets: 2025/26 accounting Code

Fees will usually be lower if ...	Fees will usually be higher if ...	Bodies can reduce the impact on fees by ...
- The asset register is complete and agrees to the ledger - Valuation and indexation methods, including the choice of indices, are clear and consistently applied - Management has assessed impairment indicators and material movements - Instructions to valuers and source data are complete	- Records do not support asset existence, ownership, classification or value - The appropriateness of the choice of indices - There are major asset changes or impairment indicators - Management cannot explain judgements or reconcile valuation outputs	- Agreeing the valuation approach and timetable early - Quality-assuring asset data before it goes to the valuer - Documenting index selection, significant judgements and impairment reviews - Providing reconciliations and evidence to the auditor in line with the agreed timetable

Rebuilding assurance and classification of reserves

Fees will usually be lower if ...	Fees will usually be higher if ...	Bodies can reduce the impact on fees by ...
- Opening balances and supporting records are complete - The body has mapped usable and unusable reserves to statutory requirements - Prior year issues are understood, and a recovery plan is in place - Management provides a clear audit trail across affected years	- Reserve movements cannot be traced to statutory adjustments - Sufficiency and appropriateness of evidence - Reconciliations and responses are late or incomplete	- Agreeing a phased evidence plan with the auditor - Prioritising balances identified in LARRIG 06 - Preparing a documented reserves assessment with legal and accounting support where needed - There is sufficient appropriate evidence for the movements in reserves for each year in respect of which a non-standard or no opinion has been given