

Date	6 July 2007
Our reference	
Your reference	
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Pages	1 of x 10

Dear

Local Government Audit and Inspection Fees 2007-2008 Including Fee Scales for the Audit and Inspection of Housing, Criminal Justice, Fire and Rescue Services, and National Park Authorities

Associated with my regulation of the external audit of local government bodies in Wales I am required to prescribe a 'scale of fees'. This letter discharges my responsibility to consult on my proposals and, as in previous years, I am writing to chief executives of all local government bodies in Wales in addition to associations of local authorities and bodies of accountants.

It is important to note that the fee scale is a regulatory tool. A change in the fee scale does not automatically mean that an individual body's fee will change in the same way. The agreed fee should be sufficient to fund the work required: considering risk and local circumstances (eg, the governance environment, complexity, financial and performance management arrangements), and the statutory and other requirements in place. The detailed work programme and consequent fees charged to individual local government bodies will be agreed with the body by the Appointed Auditor, or with the Relationship Manager at bodies subject to inspection as part of agreeing the Regulatory Plan, using the fee scales I prescribe to guide their agreement.

I use the fee scale to identify and challenge fees that appear to be either too high, or too low to enable the auditor to properly discharge his/her responsibilities.

In prescribing fee scales, I must ensure that the fees generated from local government bodies are sufficient to enable the Wales Audit Office to maintain financial balance in undertaking local government work. I may also take account of the expenses I expect to incur in undertaking or promoting value for money studies of services; and of undertaking studies on the impact of statutory provisions on the value for money in the discharge of the functions of local government bodies.

I am mindful of both the needs of and cost pressures on audited bodies, and of the need to maintain and regulate the public sector audit and inspection market for which I

am responsible. My audit and inspection regime operates in a market place where I have to compete for resources against the much more lucrative financial services sectors. I am, however, committed to maintaining the difficult balance of prescribing fee scales that represent a considerable discount on commercial service rates whilst still attracting high class service suppliers to my regime.

In proposing the 2007-2008 fee scales I have taken into account general professional remuneration inflation which for many years has exceeded local government fee scale increases. I estimate that professional costs are rising by around 4.9 per cent, but I have maintained a below inflation increase again this year.

I also have to consider developments in accounting and auditing professional standards and requirements that impact on the amount of work auditors need to do in order to comply with those standards and requirements. For example, 2007-2008 audit opinion work will need to accommodate the significant changes to the Local Government SoRP relating to accounting for financial instruments and fixed assets; and the new requirement for Local Government Pension Schemes to prepare an Annual Report.

Looking further ahead, the Government announced in March that from 2008-2009 onwards public sector accounts will be based on International Financial Reporting Standards. This is expected to entail further significant changes to local authority financial reporting. I will need to consider the impact of this change on audit work and fees in developing future fee scales.

I have also considered, and decided to continue, my voluntary adoption by the Wales Audit Office of the Welsh Assembly Government's efficiency agenda. I have, again this year, built into my proposals a one per cent overall efficiency requirement as part of my response to that agenda and to demonstrate my continuing commitment to promoting improvement.

Against this background, the Wales Audit Office mission is to promote improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. The fee scales proposed in this letter are necessary to facilitate the funding required to properly resource the work required to deliver the Wales Audit Office mission. Subject to consultation, I intend setting local government audit and inspection fee scales in Wales at +2.7 per cent for 2007-2008 compared with the scale I set for 2006-2007 (0.6 per cent lower than last year's fee scale increase). The fee scales are contained in the appendix to this letter.

As part of my response to your feedback on last year's proposals I am consulting earlier this year. I am also re-evaluating the fixed fee approach for grant certification work – the results of which will be reflected in future years' proposals. I was heartened last year to receive a number of positive comments on the value you place on the range of audit and inspection services you receive from my staff and appointed auditors.

Our reference:

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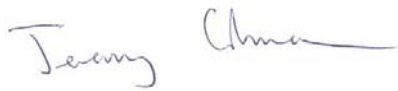
Your reference:

Date: 3 August 2007

Also, your appreciation of my efforts to set the fee scales at the minimum necessary. This year's proposals are a further continuation of those efforts.

I look forward to receiving your comments on my proposals, by Friday, 31 August 2007 which should be sent to my Chief Operating Officer, Anthony Snow, at the address/email noted above.

Yours sincerely

A handwritten signature in blue ink that reads "Jeremy Colman". The signature is written in a cursive style with a long horizontal flourish at the end.

Jeremy Colman
Auditor General for Wales

Appendix

Local Government Audit Fee Scales, Value for Money Studies and Inspection 2007-2008 (Including Fee Scales for the Audit and Inspection of Housing, Criminal Justice, Fire and Rescue Services, and National Park Authorities)

The Auditor General for Wales (Auditor General) requires auditors, and Relationship Managers (RMs), to explain clearly the basis for the proposed fees at individual bodies, including:

- the specific factors which have been taken into account in proposing the fee (particularly the risk assessment), including the weighting given to each;
- the assumptions upon which the fee is based in terms of, for example, the standard of the body's control environment, coverage of internal audit, quality of working papers etc;
- what is included in the fee and what is not included;
- specific actions the audited body could take to reduce the level of its fee in the future; and
- the processes for agreeing additional fees if circumstances change or the assumptions upon which the fee is based are not met.

The audit and inspection fee scales for all bodies are based on three key variables:

- The **type of body**, which reflects the range of services undertaken (the base fee irrespective of the size of the body in terms of its gross expenditure). Plus
- The **size of the body** in terms of its annual gross expenditure for the financial year ending 31 March 2008 (a variable element based on a percentage of gross expenditure).
- A percentage to reflect **local circumstances** – the results of the risk assessment, complexity, and other local factors at each individual body. The variable percentage has been set at +15 per cent / -30 per cent for unitary authorities, and at +/- 30 per cent for other local government bodies (as the lower fees for small and single purpose bodies make the variable percentage more susceptible to change due to local circumstances) of the base plus gross expenditure elements of the fee calculated using the following:

Body	Base element	Plus % of 2007-2008 gross expenditure
Unitary Authorities	£191,000	0.039%
Local circumstances	+15% /- 30% depending on local circumstances	

Body	Base element	Plus % of 2007-2008 gross expenditure
National Park Authorities	£20,000	0.027%
Police Authorities	£47,700	0.011%
Probation	£8,500	0.068%
Fire and Rescue Authorities	£41,400	0.015%
Local circumstances	+/- 30% depending on local circumstances	

In applying the formulae, gross expenditure is based on the body's total gross budgeted expenditure for the financial year ending 31 March 2008 (including, where applicable, turnover on the housing revenue account, any pooled budgets for which the body may be responsible and the superannuation fund). The impact of individual elements of gross budgeted expenditure varies from year to year and may, or may not, have an impact on the overall fee.

Fees are determined on the basis of work necessary to discharge audit and inspection responsibilities following an assessment of the risks, complexity and other local circumstances, including track-record on performance improvement, of the individual body, and any specified studies work notified to the auditor/RM and bodies by the Auditor General at the time of agreeing the fee. Normally, fees are expected to fall within the +/- percentage range, but in some cases may fall outside the fee range expected. In these cases, the Auditor General will expect the fee to be determined in discussion between the auditor, RM and the body. If it is not possible to agree a fee, either the auditor, RM or the body can ask the Auditor General to determine the audit fee. In any event, the Auditor General will identify and review any fees that fall outside the fee scale to ensure that they are adequately explained by local circumstances.

Agreeing an audit and inspection fee and using the fee scale

Appointed Auditors/RMs and bodies should agree a 'fee envelope' for the year based on the work necessary for the auditor to discharge his/her duties, and for inspection and other work required at the body to be undertaken. Auditors, RMs and audited bodies should work together to identify what actions can be taken to reduce risk, or improve arrangements that will reduce the work required and therefore the resulting fees. The basic steps that the auditor/RM should follow, including how to use the fee scale to check the overall fee, are:

Audit fee envelope

1. Use the risk-based planning approach to arrive at a fee for the financial and non-financial audit work required to discharge Code responsibilities.
 2. State the fee for known specified studies work (VFM audit) or make a reasonable allowance for such work if not known at the time of agreeing the fee envelope.
 3. Use the appropriate fee scale and check the total of steps 1 and 2, when combined with inspection fees, in relation to the range expected by the Auditor General. Discuss and agree the audit fee envelope (total and makeup) with the body.
 4. Arrange billing on the basis of an agreed number of monthly instalments.
 5. Monitor work and billing in relation to the audit fee envelope during the year and provide position reports as agreed with the body.
 6. Each year the auditor/RM will report the planned audit fee envelope and out-turn fee to the body – agreeing alternative or additional work, or additional invoice, or rebate to the body as appropriate.
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Inspection fee envelope

7. Inspection work is funded by a combination of direct grant to the Wales Audit Office and fees levied on the body. The detailed work programme and cost to individual bodies is determined through the Improvement Planning and Joint Risk Assessment processes by the RM, in conjunction with the body in agreeing the Regulatory Plan.
 8. Use the appropriate fee scale and check the total of step 7, when combined with audit fees, in relation to the range expected by the Auditor General. Discuss and agree the inspection fee with the body.
 9. Arrange billing on the basis of an agreed number of monthly instalments.
 10. Monitor work and billing in relation to the inspection fee during the year and provide position reports as agreed with the body.
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The combined audit and inspection fee envelope

11. Audit fees are combined with that for inspection work by the RM to produce the overall fee envelope for the body. If the agreed fee is outside the expected fee scale range, inform the Auditor General together with the reasons why.
 12. Each year the auditor/RM will report the planned fee envelope and out-turn fee to the body – agreeing alternative or additional work, or additional invoice, or rebate to the body as appropriate.
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The steps set out above will produce a fee envelope that provides reasonable fee certainty for bodies, and for auditors and inspectors in performing their work.

Community councils

Community councils where income or expenditure exceeds £1 million will be subject to the full Code audit regime. Fees for these councils are agreed by negotiation between the auditor and the Council – subject to review for reasonableness by the Auditor General if requested by either the Council or the auditor. Community council's where income or expenditure up to £1 million are subject to a 'limited assurance' audit regime. Fees for these councils, which vary according to the turnover of the Council concerned, remain fixed until the audit of the financial year 2010-2011:

Council's budgeted annual income/expenditure (fees are payable on whichever is the higher each year)	Type of audit	Total fee charged to the local council
£Nil - £1,000	Basic	No fee payable
£1,001 - £5,000	Basic	£50
£5,001 - £10,000	Basic	£120
£10,001 – £30,000	Basic	£135
£30,001 - £60,000	Basic	£285
£60,001 - £100,000	Basic	£400
£100,001 - £200,000	Basic	£550
£200,001 - £300,000	Intermediate	£875
£300,001 - £400,000	Intermediate	£1,050
£400,001 - £500,000	Intermediate	£1,450
£500,001 - £750,000	Intermediate	£1,950
£750,001 - £1,000,000	Intermediate	£2,500

Other bodies

The fees to be charged to other bodies, such as pension authorities, internal drainage boards and small joint committees, will be determined in discussions between the auditor/RM and the body concerned, following the principles set out in this document. The fees agreed will depend on local circumstances (in particular the size, complexity and role of the body concerned and the risks identified) and will be reviewed for reasonableness by the Auditor General if requested by either the body or the auditor/RM.

Skill-related fee scales

In certain circumstances auditors/inspectors may need to use staff with specialist skills. The Auditor General encourages the appropriate use of senior and specialist staff where needed on more complex work and recognises that additional costs will be incurred.

To facilitate the use of non-standard fees, the Auditor General has set the following skill-related fee scales for 2007-2008 as the basis for local discussion. The actual fee rates charged will be determined in discussion between the auditor/inspector and the body to reflect the nature of the work required. The skill-related fee scales for 2007-2008 are:

Grade of staff	Maximum £ per hour
Appointed Auditor (1)	£276
Client/Project Manager	£154
Audit staff	£94
Other staff	£66

For additional inspection work the RM will agree a fee with the body based on the standard inspection work fee rate which is £111 per hour of which, after allowing for the application of WPI grant, £72 per hour is chargeable to the body.

Note (1) Appointed Auditors may be staff of the Wales Audit Office or private firms of accountants.

The Auditor General recognises that these fee scales represent a significant discount on the standard commercial rates charged by the larger firms of auditors. Higher rates may be appropriate for certain pieces of work in order to obtain individuals with specialist knowledge. In such circumstances the Auditor General must be consulted in advance by the auditor.

Certification of grant claims and returns

In carrying out work in relation to government grant claims and other returns, under Section 96 B of the Government of Wales Act 1998, the Auditor General's appointed auditors act as agents of the Auditor General. The Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken.

Charges for this work will be based on the skill-related fee scales set out above. The actual fees to be charged will be determined in discussion between the auditor and the audited body to reflect the size, complexity or any particular issues in respect of the grant in question.

Fees for specified work

Work funded by grants

The Auditor General will receive grants towards the costs of the Wales Audit Office's involvement in WPI in local authorities, Fire and Rescue Services and Registered Social Landlord inspections.

National Fraud Initiative

The Auditor General intends that bodies in Wales should continue to take part in the National Fraud Initiative (NFI) – a computerised data-matching exercise. The NFI has shown that data matching is a powerful tool in reviewing local government bodies' arrangements to prevent and detect fraud. To date, the NFI has followed a cycle of activity during alternate years with 2007-2008 planned as being a 'fallow' year.

However, you may be aware that NFI pilot data matching has been carried out at a number of local authorities in Wales and England to detect fraudulently claimed **council tax single person discounts** (SPD). The results have been very encouraging with the first pilot site identifying savings of £1.4million and the next three on target to achieve average SPD savings of £500,000, with significant numbers of linked housing benefits cases to investigate. These successes have prompted further data matching at 30 authorities and the development of a range of additional tests to cover issues such as second home discount, disregards and rising 18s. The full range of tests will be available by December 2007 and the Auditor General therefore proposes to extend the exercise to all unitary authorities in Wales. Council tax data will be collected in October and electoral roll data during December with matches for investigation available on the NFI website in March 2008.

This timing will balance the NFI investigation workload coming as it does between the 2006/2007 and 2008/2009 cycles. A full set of data specifications will be posted on the NFI website in August 2007. Including this proposal at this time also has the added advantage for authorities currently considering alternative methods of reviewing SPDs in terms of avoiding duplication of effort.

The approaches adopted by the pilot sites have minimised the amount of investigation resource required by the use of standard letters and the handling of cases with linked housing benefit issues by benefits investigators. A full set of guidance based on the experiences of the pilot authorities will be distributed to assist in the most effective handling of the matches.

To cover the additional cost of the data matching in 2007/2008, a ring-fenced fee of £500 per unitary authority is proposed in addition to the fee scale envelope.

There will be no fee levied in 2007-2008 for NFI for bodies other than unitary authorities. The next regular NFI fee will be incurred during 2008-2009. At that time all costs and charges are expected again to be ring-fenced and not included in the 2008-2009 fee scales. Invoicing and collection of the fees, charged separately from other fees, will be subject to discussion.

Additional work

Audited bodies may ask auditors to carry out particular pieces of work that do not fall within their Code responsibilities. The Auditor General requires that such work should not be accepted if by doing so the auditors' independence could be compromised, or could be perceived to be compromised, or if the integrity of the audit regime could be similarly compromised. Where such work can be carried out within these rules, the fees to be charged are a matter for negotiation between the auditor and the audited body and are not subject to the scales set out in this letter.

VAT

All the 2007-2008 fee scales exclude VAT which will be charged at the standard rate (currently 17.5 per cent) on all work done.

Mr Martin Fitton
Chief Executive
Association of National Parks Authorities
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Cardiff
CF10 5LE

Dyddiad 6 Gorffennaf 2007
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Annwyl Mr Fitton

**Ffioedd Archwilio ac Arolygu Llywodraeth Leol 2007-2008
Yn cynnwys graddfeydd ffi ar gyfer Archwilio ac Arolygu Tai,
Cyfiawnder Troseddol, Gwasanaethau Tân ac Achub, ac Awdurdodau
Parciau Cenedlaethol**

Mewn cysylltiad â rheoleiddio archwilio allanol cyrff llywodraeth leol yng Nghymru, mae'n ofynnol i mi bennu 'graddfa ffioedd'. Mae'r llythyr hwn yn cyflawni fy nyletswydd i ymgynghori ar fy nghynigion, ac fel mewn blynyddoedd blaenorol, rwy'n ysgrifennu at brif weithredwyr pob corff llywodraeth leol yng Nghymru yn ogystal â chymdeithasau awdurdodau lleol a chyfrifyddion.

Mae'n bwysig nodi mai offeryn rheoleiddio yw'r raddfa ffioedd. Nid yw newid yn y raddfa ffioedd yn golygu y bydd ffi corff unigol yn newid yn yr un ffordd yn awtomatig. Dylai'r ffi a gytunwyd fod yn ddigonol i ariannu'r gwaith gofynnol: ystyried risg ac amgylchiadau lleol (ee, yr amgylchedd llywodraethu, cymhlethdod, trefniadau rheoli ariannol a rheoli perfformiad), a'r gofynion statudol a'r gofynion eraill sydd ar waith. Cytunir ar y rhaglen waith fanwl a'r ffioedd dilynol a godir ar gyrff llywodraeth leol unigol â'r corff gan yr Archwilydd Penodedig, neu'r Rheolwr Cydberthnasau mewn cyrff sy'n cael eu harolygu fel rhan o gytuno ar y Cynllun Rheoliadol, drwy ddefnyddio'r graddfeydd ffioedd a bennir gennyf i arwain eu cytundeb.

Defnyddiaf y raddfa ffioedd i nodi a herio ffioedd sy'n ymddangos naill ai'n rhy uchel neu'n rhy isel i alluogi'r archwilydd i gyflawni ei gyfrifoldebau/ei chyfrifoldebau yn gywir.

Wrth bennu graddfeydd ffioedd, mae'n rhaid i mi sicrhau bod y ffioedd a gynhrychir gan gyrff llywodraeth leol yn ddigonol i alluogi Swyddfa Archwilio Cymru i gynnal cydbwysedd ariannol wrth gynnal gwaith llywodraeth leol. Efallai y byddaf hefyd yn ystyried y treuliau y disgwyliaf fynd iddynt wrth gynnal neu hyrwyddo astudiaethau gwerth am arian o wasanaethau; ac o ran cynnal astudiaethau ar effaith darpariaethau statudol ar werth am arian o ran cyflawni swyddogaethau cyrff llywodraeth leol.

Rwyf yn ymwybodol o anghenion cyrff a archwilir a'r pwysau o ran costau sydd arnynt, ac o'r angen i gynnal a rheoleiddio marchnad archwilio ac arolygu y sector cyhoeddus yr wyf yn gyfrifol amdani. Mae fy nghyfundrefn archwilio ac arolygu yn gweithredu mewn marchnad lle mae'n rhaid i mi gystadlu am adnoddau yn erbyn y sectorau gwasanaethau ariannol mwy proffidiol o lawer. Fodd bynnag, rwyf yn ymrwymedig i gynnal y cydbwysedd anodd o bennu ffioedd sy'n cynrychioli disgownt sylweddol ar gyfraddau gwasanaeth masnachol tra'n denu darparwyr gwasanaethau o ansawdd uchel i'm cyfundrefn.

Wrth gynnig y graddfeydd ffioedd ar gyfer 2007-2008 rwyf wedi ystyried chwyddiant taliadau cydnabyddiaeth proffesiynol cyffredinol, sydd wedi bod yn fwy na'r cynnydd yng ngraddfeydd ffioedd llywodraeth leol ers sawl blwyddyn. Amcangyfrifaf fod costau proffesiynol yn cynyddu tua 4.9 y cant, ond rwyf wedi cynnal cynnydd sy'n llai na chwyddiant eto eleni.

Hefyd mae'n rhaid i mi ystyried datblygiadau mewn safonau proffesiynol cyfrifyddu ac archwilio, a gofynion sy'n effeithio ar faint o waith y mae angen i archwilwyr ei wneud er mwyn cydymffurfio â'r safonau a'r gofynion hynny. Er enghraifft, bydd angen i waith barn archwilio 2007-2008 ddarparu ar gyfer y newidiadau sylweddol i'r Datganiad o Arfer a Argymhellir ar gyfer Llywodraeth Leol sy'n ymwneud â chyfrifyddu ar gyfer offerynnau ariannol ac asedau sefydlog; a'r gofyniad newydd i Gynlluniau Pensiwn Llywodraeth Leol baratoi Adroddiad Blynyddol.

Gan edrych ymlaen ymhellach, cyhoeddodd y Llywodraeth ym mis Mawrth y bydd cyfrifon sector cyhoeddus yn seiliedig ar Safonau Adroddiadau Ariannol Rhyngwladol o 2008-2009 ymlaen. Disgwylir i hyn olygu newidiadau pellach sylweddol i drefniadau adroddiadau ariannol awdurdod leol. Bydd angen i mi ystyried effaith y newid hwn ar waith archwilio a ffioedd wrth ddatblygu graddfeydd ffioedd yn y dyfodol.

Rwyf hefyd wedi ystyried, ac wedi penderfynu y dylai Swyddfa Archwilio Cymru barhau i fabwysiadu'n wirfoddol agenda effeithlonrwydd Llywodraeth Cynulliad Cymru. Rwyf eto eleni wedi ymgorffori gofyniad effeithlonrwydd cyffredinol o un y cant fel rhan o'm hymateb i'r agenda honno ac i ddangos fy ymrwymiad parhaus i hyrwyddo gwelliant.

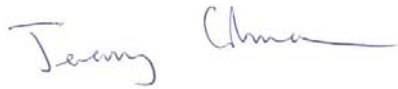
Yn erbyn y cefndir hwn, cenhadaeth Swyddfa Archwilio Cymru yw hyrwyddo gwelliant fel y gall pobl yng Nghymru fanteisio ar wasanaethau cyhoeddus atebol a reolir yn dda sy'n cynnig y gwerth gorau posibl am arian. Mae'r graddfeydd ffioedd a argymhellir yn y llythyr hwn yn angenrheidiol i hwyluso'r ariannu sydd ei angen i ddarparu adnoddau priodol er mwyn cyflawni cenhadaeth Swyddfa Archwilio Cymru. Yn amodol ar yr ymgynghoriad, bwriadaf osod graddfeydd ffioedd archwilio ac arolygu llywodraeth leol yng Nghymru ar +2.7 y cant ar gyfer 2007-2008 o gymharu â'r raddfa a osodwyd ar gyfer 2006-2007 (sef 0.6 y cant yn is na'r cynnydd yng ngraddfa ffioedd y llynedd). Dangosir y graddfeydd ffioedd yn yr atodiad i'r llythyr hwn.

Fel rhan o'm hymateb i'ch adborth ar gynigion y llynedd cynhelir ymgynghoriad yn gynharach eleni. Rwyf hefyd yn ailwerthuso'r ymagwedd ffioedd sefydlog ar gyfer gwaith dilysu grantiau – adlewyrchir canlyniadau'r broses hon mewn cynigion yn y dyfodol. Fe'm calonogwyd y llynedd gan nifer y sylwadau cadarnhaol a dderbyniwyd ar

y gwerth rydych yn ei osod ar yr ystod o wasanaethau archwilio ac arolygu a gewch gan fy staff a'r archwilwyr penodedig. Yn ogystal, eich gwerthfawrogiad o'm hymdrechion i bennu'r raddfa ffioedd ar y lefel ofynnol isaf. Mae cynigion eleni yn barhad pellach o'r ymdrechion hynny.

Edrychaf ymlaen at gael eich sylwadau ar fy nghynigion, erbyn Dydd Gwener 31 Awst 2007, a dylid eu hanfon at fy Mhrif Swyddog Gweithredu, Anthony Snow, yn y cyfeiriad/e-bost a nodir uchod.

Yn gywir



Jeremy Colman
Archwilydd Cyffredinol Cymru

Atodiad

Graddfeydd ffioedd archwilio Llywodraeth Leol, astudiaethau gwerth am arian ac arolygu 2007-2008 (yn cynnwys graddfeydd ffioedd ar gyfer Archwilio ac Arolygu Tai, Cyfiawnder Troseddol, Gwasanaethau Tân ac Achub, ac Awdurdodau Parciau Cenedlaethol)

Mae Archwilydd Cyffredinol Cymru (yr Archwilydd Cyffredinol) yn ei gwneud yn ofynnol i archwilwyr a Rheolwyr Cydberthynas i esbonio'n glir y sail ar gyfer y ffioedd arfaethedig mewn cyrff unigol, yn cynnwys:

- y ffactorau penodol a ystyriwyd wrth gynnig y ffi (yn arbennig yr asesiad risgiau), yn cynnwys y pwysoliad a roddir i bob un;
- y rhagdybiaethau y mae'r ffi yn seiliedig arnynt o ran, er enghraifft, safon amgylchedd rheoli'r corff, y sylw a roddir i'r archwiliad mewnol, ansawdd papurau gwaith ac ati;
- yr hyn a gynhwysir yn y ffi a'r hyn nas cynhwysir;
- y camau gweithredu penodol y gallai'r corff archwiliedig eu cymryd i leihau lefel ei ffi archwilio yn y dyfodol;
- y prosesau ar gyfer cytuno ar ffioedd ychwanegol os bydd amgylchiadau'n newid neu os na chyflawnir y rhagdybiaethau y mae'r ffi yn seiliedig arnynt.

Mae'r graddfeydd ffioedd archwilio ac arolygu ar gyfer pob corff yn seiliedig ar dri newidyn allweddol:

- Y **math o gorff**, sy'n adlewyrchu'r amrywiaeth o wasanaethau a gynhelir (y ffi sylfaenol waeth beth yw maint y corff o ran ei wariant gros).
- **Maint y corff** o ran ei wariant gros blynyddol ar gyfer y flwyddyn ariannol a ddaeth i ben 31 Mawrth 2008 (elfen amrywiol yn seiliedig ar ganran o'r gwariant gros).
- Canran i adlewyrchu **amgylchiadau lleol** - canlyniadau'r asesiad risgiau, cymhlethdod, a ffactorau lleol eraill ym mhob corff unigol. Mae'r ganran amrywiol wedi'i gosod ar + 15 y cant/- 30 y cant ar gyfer awdurdodau unedol, ac ar +/- 30 y cant ar gyfer cyrff eraill llywodraeth leol (gan fod y ffioedd is ar gyfer cyrff bach a chyrrff at ddiben unigol yn gwneud y ganran amrywiol yn fwy agored i newid oherwydd amgylchiadau lleol) o elfennau gwariant sylfaen a gros y ffi a gyfrifir drwy ddefnyddio'r canlynol:

Corff	Elfen sylfaenol	Yn ogystal â % o wariant gros 2007-2008
Awdurdodau Unedol	£191,000	0.039%
Amgylchiadau lleol	+15% /- 30% yn dibynnu ar amgylchiadau lleol	

Corff	Elfen sylfaenol	Yn ogystal â % o wariant gros 2007-2008
Awdurdodau'r Parciau Cenedlaethol	£20,000	0.027%
Awdurdodau'r Heddlu	£47,700	0.011%
Gwasanaethau Prawf	£8,500	0.068%
Awdurdodau Tân ac Achub	£41,400	0.015%
Amgylchiadau lleol	+/- 30% yn dibynnu ar amgylchiadau lleol	

Wrth gymhwyso'r fformiwlau, mae gwariant gros yn seiliedig ar gyfanswm gwariant gros a gyllidebwyd y corff ar gyfer y flwyddyn ariannol a ddaw i ben 31 Mawrth 2008 (yn cynnwys, lle y bo'n gymwys, drosiant ar y cyfrif refeniw tai, unrhyw gyllidebau cyfun y gall y corff fod yn gyfrifol amdanynt a'r gronfa bensïynau). Mae effaith elfennau unigol y gwariant gros a gyllidebwyd yn amrywio o flwyddyn i flwyddyn, ac efallai y caiff neu na chaiff effaith ar y ffi gyffredinol.

Caiff ffioedd eu pennu ar sail y gwaith sy'n angenrheidiol i gyflawni cyfrifoldebau archwilio ac arolygu ar ôl ystyried y risgiau, cymhlethdod ac amgylchiadau lleol eraill, yn cynnwys hanes o gyflawni a gwella perfformiad, y corff unigol, ac unrhyw waith astudiaethau penodol y tynnwyd sylw'r archwilydd/Rheolwr Cydberthynas ato a chyrrff gan yr Archwilydd Cyffredinol ar adeg cytuno ar y ffi. Fel arfer, disgwylir i ffioedd ddisgyn o fewn yr ystod ganrannol +/-, ond mewn rhai achosion gall ddisgyn y tu allan i'r ystod ffioedd ddisgwyliedig. Yn yr achosion hyn, bydd yr Archwilydd Cyffredinol yn disgwyl i'r ffi gael ei phennu mewn trafodaeth rhwng yr archwilydd, y Rheolwr Cydberthynas a'r corff. Os na fydd yn bosibl cytuno ar ffi, gall naill ai'r archwilydd, y Rheolwr Cydberthynas neu'r corff ofyn i'r Archwilydd Cyffredinol bennu'r ffi archwilio. Beth bynnag, bydd yr Archwilydd Cyffredinol yn nodi ac yn adolygu unrhyw ffioedd sydd y tu allan i'r raddfa ffioedd i sicrhau eu bod yn cael eu hesbonio'n ddigonol yn ôl amgylchiadau lleol.

Cytuno ar ffi archwilio ac arolygu, a defnyddio'r raddfa ffioedd

Dylai Archwilwyr Penodedig/Rheolwyr Cydberthnasau gytuno ar 'amlen ffioedd' am y flwyddyn yn seiliedig ar y gwaith sy'n angenrheidiol i'r archwilydd gyflawni ei ddyletswyddau ef/hi, a'r gwaith arolygu a gwaith arall sy'n ofynnol yn y corff. Anogir archwilwyr, Rheolwyr Cydberthynas a chyrrff archwiliedig i weithio gyda'i gilydd i nodi pa gamau gweithredu y gellir eu cymryd i leihau'r risg, neu i wella trefniadau llywodraethu, sy'n lleihau'r gwaith sydd ei angen ac felly'r ffioedd fydd yn deillio o hyn. Dyma'r camau sylfaenol y dylai'r archwilydd/rheolwr cydberthnasau eu dilyn, yn cynnwys sut i ddefnyddio'r raddfa ffioedd i wirio'r ffi gyffredinol:

Amlen ffi archwilio

- 13.** Defnyddio'r dull cynllunio seiliedig ar risgiau i bennu ffi ar gyfer y gwaith archwilio ariannol ac anariannol sy'n ofynnol i gyflawni cyfrifoldebau o dan y Cod.

 - 14.** Nodi'r ffi ar gyfer gwaith astudiaethau penodol hysbys (archwiliad gwerth am arian) neu neilltuo swm rhesymol ar gyfer gwaith o'r fath os nad yw'n hysbys ar yr adeg cytuno ar yr amlen ffioedd.

 - 15.** Defnyddio'r raddfa ffioedd briodol a gwirio cyfanswm camau 1 a 2, pan gânt eu cyfuno â ffioedd arolygu, mewn perthynas â'r ystod a ddisgwylir gan yr Archwilydd Cyffredinol. Trafod a chytuno ar yr amlen ffi archwilio (cyfanswm a chynnwys) â'r corff.

 - 16.** Trefnu bilio ar sail nifer o randaliadau misol y cytunwyd arnynt.

 - 17.** Monitro gwaith a bilio mewn perthynas â'r amlen ffi archwilio yn ystod y flwyddyn a rhoi adroddiadau sefyllfa fel y cytunwyd â'r corff.

 - 18.** Bob blwyddyn bydd yr archwilydd/Rheolwr Cydberthynas yn cyflwyno adroddiad ar yr amlen ffi archwilio a gynlluniwyd a'r ffi alldro i'r corff – gan gytuno ar waith amgen neu waith ychwanegol, neu anfoneb ychwanegol, neu ad-dalu i'r corff fel y bo'n briodol.
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Amlen ffi arolygu

- 19.** Ariennir y gwaith arolygu gan gyfuniad o grant uniongyrchol i Swyddfa Archwilio Cymru a ffioedd a godir ar y corff. Caiff y rhaglen waith fanwl a'r gost i gyrrff unigol ei phennu drwy'r prosesau Cynllunio Gwella ac Aseiad Risgiau ar y Cyd gan y Rheolwr Cydberthynas, ar y cyd â'r corff wrth gytuno ar y Cynllun Rheoliadol.

 - 20.** Defnyddio'r raddfa ffi briodol a gwirio cyfanswm cam 7, pan gânt eu cyfuno â ffioedd arolygu, mewn perthynas â'r ystod a ddisgwylir gan yr Archwilydd Cyffredinol. Trafod a chytuno ar y ffi archwilio â'r corff.

 - 21.** Trefnu bilio ar sail nifer o randaliadau misol y cytunwyd arnynt.

 - 22.** Monitro gwaith a bilio mewn perthynas â'r ffi arolygu yn ystod y flwyddyn a rhoi adroddiadau sefyllfa fel y cytunwyd â'r corff.
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Yr amlen archwilio ac arolygu gyfunol

- 23.** Caiff ffioedd archwilio eu cyfuno â'r ffioedd ar gyfer gwaith arolygu gan y Rheolwr Cydberthynas er mwyn cynhyrchu'r amlen ffioedd gyffredinol ar gyfer y corff. Os bydd y ffi y cytunwyd arni y tu allan i'r ystod ffi ddisgwyliedig, hysbysu'r Archwilydd Cyffredinol ynghyd â'r rhesymau pam.

 - 24.** Bob blwyddyn bydd yr archwilydd/Rheolwr Cydberthynas yn cyflwyno adroddiad ar yr amlen ffi archwilio a gynlluniwyd a'r ffi alldro i'r corff – gan gytuno ar waith amgen neu waith ychwanegol, neu anfoneb ychwanegol, neu ad-dalu i'r corff fel y bo'n briodol.
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Bydd y camau a nodwyd uchod yn cynhyrchu amlen ffioedd i roi sicrwydd ffioedd rhesymol i gyrrff ac i archwilwyr ac arolygwyr wrth iddynt wneud eu gwaith.

Cynghorau Cymuned

Lle bydd incwm neu wariant cynghorau cymuned yn uwch nag £1 filiwn, byddant yn ddarostyngedig i'r weithdrefn archwilio lawn o dan y Cod. Cytunir ar y ffioedd ar gyfer y cynghorau hyn drwy negodi rhwng yr archwilydd a'r Cyngor – yn ddarostyngedig i adolygiad o'u rhesymoldeb gan yr Archwilydd Cyffredinol os bydd naill ai'r Cyngor neu'r archwilydd yn gwneud cais am hyn. Bydd Cynghorau Cymuned sydd ag incwm neu wariant hyd at £1 filiwn yn ddarostyngedig i'r weithdrefn archwilio 'sicrwydd cyfyngedig'. Bydd y ffioedd ar gyfer y cynghorau hyn, sy'n amrywio yn ôl trosiant y Cyngor dan sylw, yn sefydlog tan yr archwiliad o'r flwyddyn ariannol 2010-2011:

Incwm/gwariant blynyddol y Cyngor a gyllidebwyd (bydd ffioedd yn daladwy ar ba un bynnag fydd uchaf bob blwyddyn)	Math o archwiliad	Cyfanswm y ffi a godir ar y cyngor lleol
£Dim - £1,000	Sylfaenol	Ni fydd ffi yn daladwy
£1,001 - £5,000	Sylfaenol	£50
£5,001 - £10,000	Sylfaenol	£120
£10,001 – £30,000	Sylfaenol	£135
£30,001 - £60,000	Sylfaenol	£285
£60,001 - £100,000	Sylfaenol	£400
£100,001 - £200,000	Sylfaenol	£550
£200,001 - £300,000	Canolradd	£875
£300,001 - £400,000	Canolradd	£1,050
£400,001 - £500,000	Canolradd	£1,450
£500,001 - £750,000	Canolradd	£1,950
£750,001 - £1,000,000	Canolradd	£2,500

Cyrff eraill

Caiff y ffioedd i'w codi ar gyrff eraill, megis awdurdodau pensiwn, byrddau draenio mewnol a chydbwyllgorau bach, eu pennu mewn trafodaethau rhwng yr archwilydd/Rheolwr Cydberthynas a'r corff dan sylw, gan ddilyn yr egwyddorion a nodwyd yn y ddogfen hon. Bydd y ffioedd gwirioneddol yn dibynnu ar amgylchiadau lleol (yn arbennig maint, cymhlethdod a rôl y corff dan sylw a'r risgiau a nodwyd) a chânt eu hadolygu am eu rhesymoldeb gan yr Archwilydd Cyffredinol os bydd naill ai'r corff neu'r archwilydd/Rheolwr Cydberthynas yn gwneud cais am hyn.

Graddfeydd ffioedd sy'n ymwneud â sgiliau

O dan rai amgylchiadau efallai y bydd angen i archwilwyr/arolygwyr ddefnyddio staff sydd â sgiliau arbenigol. Mae'r Archwilydd Cyffredinol yn annog y defnydd priodol o uwch aelodau staff a staff arbenigol ar waith mwy cymhleth lle bo'u hangen, ac yn cydnabod yr eir i gostau ychwanegol.

Er mwyn hwyluso'r defnydd o ffioedd ansafonol, mae'r Archwilydd Cyffredinol wedi pennu'r graddfeydd ffioedd canlynol sy'n ymwneud â sgiliau ar gyfer 2007-2008 fel y sail ar gyfer cynnal trafodaethau lleol. Caiff y cyfraddau ffioedd gwirioneddol a godir eu pennu mewn trafodaeth rhwng yr archwilydd/arolygydd a'r corff er mwyn adlewyrchu natur y gwaith sy'n ofynnol. Dyma'r graddfeydd ffioedd sy'n ymwneud â sgiliau ar gyfer 2007-2008:

Graddfa'r staff	Uchafswm £ yr awr
Archwilydd Penodedig (1)	£276
Cleient/Rheolwr Prosiect	£154
Staff archwilio	£94
Staff eraill	£66

Ar gyfer gwaith arolygu ychwanegol bydd y Rheolwr Cydberthynas yn cytuno ar ffi â'r corff yn seiliedig ar y gyfradd gwaith arolygu safonol, sef £111 yr awr, y codir £72 ohono yr awr ar y corff, ar ôl caniatáu ar gyfer cymhwyso grant Rhaglen Cymru ar gyfer Gwella.

Noder (1) Gall Archwilwyr Penodedig fod yn staff Swyddfa Archwilio Cymru neu gwmnïau cyfrifwyr preifat.

Mae'r Archwilydd Cyffredinol yn cydnabod bod y graddfeydd ffioedd hyn yn cynrychioli gostyngiad sylweddol ar y cyfraddau masnachol safonol a godir gan y cwmnïau archwilio mwy. Efallai y bydd cyfraddau uwch yn briodol ar gyfer darnau penodol o waith er mwyn defnyddio unigolion sy'n meddu ar wybodaeth arbenigol. O dan amgylchiadau o'r fath mae'n rhaid i'r archwilydd gysylltu â'r Archwilydd Cyffredinol ymlaen llaw.

Ardystio ceisiadau am grant a ffurflenni

Wrth gynnal gwaith mewn perthynas â cheisiadau am grant y Llywodraeth a ffurflenni eraill, o dan Adran 96 B Ddeddf Llywodraeth Cymru 1998, mae archwilwyr penodedig yr Archwilydd Cyffredinol yn gweithredu fel asiantau'r Archwilydd Cyffredinol. O ran pob grant neu ffurflen, mae'n ofynnol i'r Archwilydd Cyffredinol adennill swm sy'n cwmpasu cost lawn y gwaith perthnasol a wneir.

Bydd ffioedd ar gyfer y gwaith hwn yn seiliedig ar y graddfeydd ffioedd sy'n gysylltiedig â sgiliau a nodwyd uchod. Caiff y cyfraddau ffioedd gwirioneddol a godir eu pennu mewn trafodaeth rhwng yr archwilydd a'r corff a archwilir er mwyn adlewyrchu maint, cymhlethdod neu unrhyw faterion penodol o ran y grant dan sylw.

Ffioedd ar gyfer gwaith penodol

Gwaith a ariennir gan grantiau

Bydd yr Archwilydd Cyffredinol yn derbyn grantiau tuag at gostau rhan Swyddfa Archwilio Cymru yn Rhaglen Cymru ar gyfer Gwella mewn awdurdodau lleol, Gwasanaethau Tân ac Achub ac arolygiadau Landlordiaid Cymdeithasol Cofrestredig.

Menter Twyll Genedlaethol

Nod yr Archwilydd Cyffredinol yw y dylai cyrff yng Nghymru barhau i gymryd rhan yn y Fenter Twyll Genedlaethol – sef ymarfer paru data cyfrifiadurol. Mae'r Fenter Twyll Genedlaethol wedi dangos bod paru data yn ddyfais bwerus wrth adolygu trefniadau cyrff llywodraeth leol i atal a chanfod twyll. Hyd yma, mae'r Fenter Twyll Genedlaethol wedi ymgymryd â chylch o weithgarwch bob yn ail flwyddyn gyda 2007-2008 yn cael ei chynllunio fel blwyddyn 'segur'.

Fodd bynnag, fe wyddoch o bosibl fod peilot paru data'r Fenter Twyll Genedlaethol wedi'i gynnal mewn nifer o awdurdodau lleol yng Nghymru a Lloegr fel rhan o'r fenter i ganfod ceisiadau am **ddisgowntiau person sengl y dreth gyngor** (SPD) a wnaed drwy dwyll. Bu'r canlyniadau yn galonogol iawn gyda safle cyntaf yr ymarfer peilot yn nodi arbedion o £1.4 miliwn a'r tri nesaf ar y trywydd iawn i gyflawni arbedion SPD o £500,000 ar gyfartaledd, gyda nifer sylweddol o achosion budd-dal tai cysylltiedig y bydd angen ymchwilio iddynt. Mae'r llwyddiant hwn wedi ysgogi ymarferion paru data pellach mewn 30 o awdurdodau a'r broses o ddatblygu ystod o brofion ychwanegol i gwmpasu materion fel disgownt ail gartref, anwybyddiadau a'r rhai sy'n agosáu at 18 oed. Bydd yr holl brofion ar gael erbyn mis Rhagfyr 2006 ac felly, mae'r Archwilydd Cyffredinol yn cynnig y dylid ehangu'r ymarfer i gwmpasu pob awdurdod unedol yng Nghymru. Caiff data treth gyngor ei gasglu ym mis Hydref a chesglir data ar y gofrestr etholiadol yn ystod mis Rhagfyr gyda data a barwyd i ymchwilio iddo i'w weld ar wefan y Menter Twyll Genedlaethol; ym mis Mawrth 2008.

Bydd yr amseriad hwn yn sicrhau cydbwysedd o ran baich gwaith ymchwilio'r Fenter Twyll Genedlaethol rhwng cylchoedd 2006/2007 a 2008/2009. Caiff set lawn o fanylebau data ei rhoi ar wefan y NFI ym mis Awst 2007. Mae cynnwys y cynnig hwn ar yr adeg hon hefyd yn fantais ychwanegol i awdurdodau sy'n ystyried dulliau amgen o adolygu SPD o ran osgoi achosion o ddyblygu ymdrechion.

Mae'r ffyrdd o weithredu a fabwysiadwyd gan y safleoedd peilot wedi arwain at leihau hyd yr eithaf yr adnoddau ymchwilio sydd eu hangen drwy ddefnyddio llythyrau safonol a phennu ymchwilwyr budd-daliadau i fynd i'r afael ag achosion y mae materion budd-dal tai yn gysylltiedig â hwy. Caiff canllawiau llawn yn seiliedig ar brofiadau'r awdurdodau peilot eu dosbarthu i gynorthwyo'r broses o fynd i'r afael â'r data a barwyd yn y ffordd fwyaf effeithiol.

Er mwyn talu cost ychwanegol yr ymarfer paru data yn 2007/2008, cynigir ffi wedi'i neilltuo o £500 fesul awdurdod unedol ar ben yr amlen graddfeydd ffioedd.

Ni chodir unrhyw ffi yn 2007-2008 ar gyfer y Fenter Twyll Genedlaethol ar gyrff ar wahân i awdurdodau unedol. Codir y ffi reolaidd nesaf ar gyfer y Fenter Twyll Genedlaethol yn ystod 2008-2009. Unwaith eto, disgwylir i'r holl gostau a'r taliadau gael eu neilltuo ar yr adeg honno ac felly ni chânt eu cynnwys yng ngraddfeydd ffioedd 2008-2009. Bydd y gwaith o anfonebu a chasglu'r ffioedd, a godir ar wahân i ffioedd eraill, yn destun trafodaethau.

Gwaith ychwanegol

Efallai y bydd cyrff a archwilir yn gofyn i archwilyr gynnal darnau penodol o waith nad ydynt o fewn eu cyfrifoldebau o dan y Cod. Mae'r Archwilydd Cyffredinol yn ei gwneud yn ofynnol na ddylid derbyn gwaith o'r fath os, drwy wneud hynny, y gellid peryglu annibyniaeth yr archwilyr, neu fod canfyddiad ei bod yn cael ei pheryglu, neu os gellid peryglu uniondeb y weithdrefn archwilio mewn ffordd debyg. Lle y gellir cynnal gwaith o'r fath o fewn y rheolau hyn, bydd y ffioedd i'w codi yn fater ar gyfer negodi rhwng yr archwilydd a'r corff archwiliedig ac nid ydynt yn ddarostyngedig i'r graddfeydd a nodwyd yn y llythyr hwn.

TAW

Nid yw'r holl raddfeydd ffioedd 2007-2008 yn cynnwys TAW a godir ar y gyfradd safonol (17.5 y cant ar hyn o bryd) ar yr holl waith a wneir.