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Don Jones

WALES AUDIT OFFICE SUPPLEMENTARY BUDGET UPDATE 2014-15

Further to correspondence in July, I wanted to update you on the Board's recent decision regarding securing business continuity of our critical audit related systems.

The Committee will recall that we have been developing proposals to replace the variety of legacy IT systems that are in use to plan, manage, record and store audit work. Our aspiration was to procure a common audit platform that would meet the differing needs across our two audit practices. In testing the market, we found that our aspirations could not be achieved without significant resource input and pioneering software that was untested in the external audit sector. The Board concluded that the risks of implementation at this time were too high.

The Board also recognised that business continuity risks were too high to justify a 'do nothing' continuation. Earlier this month, the Board approved the procurement of a new system to plan, manage, record and store our financial audit work. The system will also rationalise and simplify supporting systems, as it will replace our current time-recording and resource-management software. It will lead to reduced system running costs and improved workforce efficiency, releasing resources following full implementation (effective from 2016-17). The Board retains its aspiration for a common audit platform, which we anticipate may be achievable in the medium term, particularly as we continue to work closely with the other UK external audit bodies.

The costs of purchase are lower than the previous estimate provided to the Committee: a capital cost of £216,000 in 2014-15 and revenue costs of £46,000. I am pleased to advise that through careful management of our resources, we will now be able to fund these costs internally. This means that we will not need to seek supplementary funding this year, though we will need to use the Supplementary Budget mechanism to make a technical adjustment to our budget in order to move revenue funds to capital. We would welcome the Committee's support for this and are liaising with Welsh Government officials in readiness for the next Supplementary Budget process early in 2015.

We look forward to attending your Committee on 6 November.



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES