

Consultation Response from Mark Egan, Greffier of the States

This email is my response to the C&AG's consultation on the proposed Code of Audit Practice. I only respond to those questions on which I have a specific point to make.

Part A: Code of Audit Practice

General

Q1. Do you agree with the overall structure and style of the draft Code? If not, what changes would you propose?

A. The style and structure of the Code are consistent with the C&AG's reports and are clear. I have no suggestions for improvement.

Section 1: Introduction

Q2. Do you agree with the explanation of the wider context of arrangements for public audit in Jersey? If not, why not?

A. I do agree with the explanation of the wider context of arrangements for public audit, which is clear.

Section 2: General principles

Q5. Do you agree with the explicit adoption of the principles of public audit developed by the Public Audit Forum? If not, why not?

A. I agree with the statement of principles in paragraph 11, which seems clear and reasonable.

Section 5: Follow-up of previous audit recommendations

Q14. Do you agree with the retention of a separate section on the follow-up of previous audit recommendations? If not, why not?

A. I very much agree with the inclusion of a specific section on follow-up, as the

C&AG's power and appetite to follow up previous work is a powerful means of ensuring that recommendations are properly addressed.

Section 6: Reporting

Q16. Do you agree with the inclusion of provisions relating to reporting on audit quality and any instances of material non-compliance with the Code? If not, why not?

Q17. Do you have any other observations on Section 6?

A. I agree with section 6, which is clear and sensible.

Section 7: Liaison

Q18. Do you agree with the inclusion of sub-sections dealing with liaison with the Chief Internal Auditor of the States of Jersey and the Attorney General? If not, why not?

Q19. Do you have any other observations on Section 7?

A. I agree with the section relating to the PAC but I find para 74 rather strangely worded: "In order to preserve their independence, the C&AG shall not assume or be seen to assume the role of members of the Public Accounts Committee."

I wonder if this could be better expressed as "In order to preserve the independence and proper roles of the C&AG and the Public Accounts Committee, the C&AG shall not act, or do anything which might give rise to the perception that they act, as if they were a member of the Public Accounts Committee."

I am also content with the description of the relationship between the C&AG and scrutiny panels.

Part B: Possible legislative changes

Entities to which the C&AG appoints auditors

Q25. Do you agree that the C&AG be given the power to appoint auditors of financial statements of all bodies established or controlled by the States (other than companies)? If not, why not?

A. On the face of it, the C&AG should have the power to appoint auditors of financial statements of all the bodies established or controlled by the States, as part of the governance framework for public money. I think responsibility rests on those who disagree with this proposition to make a compelling case for an alternative arrangement. I respond likewise in relation to Q27 and Q28.

Governance of the Office of the C&AG

Q29. Do you agree that there should be a statutory role for the Board of Governance in any consideration of revocation of the appointment of the C&AG? If not, why not?

A. In my view, there should be a statutory duty on the Chief Minister to consult with the Board of Governance before bringing a proposition to revoke the appointment of the C&AG and to include the response of the Board to the proposal in the report accompanying the proposition. This would strengthen our governance framework.

Q30. Do you agree that there should be a statutory limitation on the liability of independent members of the Board of Governance or equivalent indemnity? If not, why not?

A. Yes.

Q31. Do you agree that there should be:

- an increase in the maximum number of independent members of the Board Governance to four; and/or

- provision for a reduction in the quorum of the Board of Governance in limited circumstances to secure its continued operation?

A. I do not consider that reducing the quorum of the Board to one would be in accordance with good governance: consequently, I would prefer to see the Board increased in size to four members.