



A Joint Response by the Scrutiny Liaison Committee and Public Accounts Committee

**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL
PUBLIC AUDIT IN JERSEY: A CONSULTATION
MAY 2020**

1. The Comptroller and Auditor General (C&AG) launched a consultation on the Revised Codes of Audit Practice and suggested legislative changes to the [Comptroller and Auditor General \(Jersey\) Law 2014](#) in the report entitled [Public Audit in Jersey - a Consultation](#) on the 29th May 2020.
2. The Scrutiny Liaison Committee and the Public Accounts Committee (the Committees) reviewed the report and agreed to produce a combined response on the proposals. The Committees are grateful to the Comptroller and Auditor General for extending the consultation timeline so that a comprehensive response could be prepared.

Revised Codes of Audit Practice

3. The Committees agreed that the Revised Codes of Audit Practice (the Code) provided an excellent approach to formalise and improve current practices which are fundamental to ensure the proper use of public finances.
4. The Committees approved:
 - the overall structure and style of the draft; the explanation of the wider context of the arrangements for public audit in Jersey;
 - the inclusion of a provision allowing the C&AG to issue guidance to appointed auditors and ensure these are obligated;
 - the explicit adoption of the principles of public audit developed by the Public Audit Forum;
 - the inclusion of an Audit Quality Framework;
 - liaison practices between auditors, provision of information and co-operation between auditors appointed by C&AG;
 - work on financial statements; internal controls and corporate governance;
 - the retention of a separate section on the follow up from previous audit recommendations;
 - inclusion of provisions relating to reporting on audit quality and instances of material non-compliance by auditors;
 - inclusion of sub-sections to deal with liaison with Chief Internal Auditor of the States of Jersey and the Attorney General;
 - inclusion of a sub-section dealing with the exercise of the C&AG's statutory powers to obtain information from third parties;
 - inclusion of a sub-section on data and records;
 - expansion of the provision relating to the appointment of auditors of financial statements; and
 - the application of ethical standards to those auditors and sub-section dealing with the delegation of functions by the C&AG.
5. The Committees recommend to the C&AG that a simple statement by the Board of Governance of the C&AG, contained within the C&AG's Annual Report, would suffice to highlight the success or otherwise of the proposed Code of Audit Practice.



Legislative changes to the [Comptroller and Auditor General \(Jersey\) Law 2014](#)

6. The Committees agreed that the suggested legislative changes to the [Comptroller and Auditor General \(Jersey\) Law 2014](#) would remove unnecessary layers of complexity and should serve to streamline and reduce inconsistencies whilst providing clarity and a consistent framework to all stakeholders.
7. The Committees agreed that;
 - the C&AG should be given powers to appoint auditors of financial statements of all bodies established or controlled by the States of Jersey;
 - the existing arrangements for the preparation of the Jersey Dental Scheme should be codified in legislation;
 - there should be a consistent statutory framework relating to the responsibilities and powers of auditors appointed by the C&AG;
 - there should be a consistent framework for the production of Annual Reports and Accounts for public bodies;
 - there should be a statutory role for the Board of Governance in any consideration of revocation of the appointment of the C&AG;
 - there should be statutory limitation on the liability of independent members of the Board of Governance;
 - there should be an increase in the maximum number of independent members of the Board of Governance to four.
8. The Committees concluded that the Comptroller and Auditor General should allow ample time to progress the request for, and subsequent enactment of, the necessary legislation and that they would like to be kept informed of progress in this regard.
9. In conclusion, the Committees conveyed their full support of the work being undertaken by the Comptroller and Auditor General in relation to the Code and the suggested changes to the [Comptroller and Auditor General \(Jersey\) Law 2014](#).