

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 is more principles based and less prescriptive than previously and the tone is more collaborative while at the same time extending the CA&G's reach/powers.

- It would be helpful to highlight the areas where there have been clear additions to the reach of the Code of Audit Practice (CAP).
- Would be helpful to define the distinction between power and duty in Appendix 1.
- In some areas where prescription has been removed, it would be helpful to keep it and ensure that the stated list cannot be read as exhaustive, Some examples are highlighted below.

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. Yes

Q3. Do you agree with the inclusion of a provision allowing the C&AG to issue guidance to the auditors whom they appoint and placing an obligation on the auditors to have regard to such guidance? If not, why not?

A. Yes

Q4. Do you have any other observations on Section 1?

A. No

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. Overall the principles based approach is welcomed, though the previous version did have the advantage of succinctly translating the principles. There are some areas where helpful detail from the previous CAP version is lost and in the context of States of Jersey it might be helpful to reinstate it:

- Point 19. Refers only to reporting to the States Assembly, which could be read as the only mechanism of making reports publically available. Previous versions have referenced issuing press releases and stated “reporting should be publically available except where there is a compelling case (such as commercial confidentiality) for it not to be. Audit reporting should be accessible and relevant to stakeholders.” I think it is helpful to be explicit about other routes of public reporting.
- Point 26 refers to public audit being undertaken as efficiently as possible but does not define this. Previously this was specified as relying upon internal Audit; undertaking a risk assessment and assessing the materiality of issues.

Q6. Do you agree with the inclusion of an Audit Quality Framework? If not, why not?

A. Yes

Q7. Do you have any other observations on Section 2?

A. Point 16 refers to regularity was defined in the previous version of the CAP as “reflects accountability for funds raised by compulsory taxation.” Regularity is a technical term and should be defined.

Section 3: Work on the financial statements

Q8. Do you agree with the provisions relating to:

- o liaison between auditors appointed by the C&AG and the C&AG;
- o provision of information to the C&AG; and
- o co-operation between auditors appointed by the C&AG?

If not, why not?

A. Yes to all of the above. Note there is no reference to liaison with R&AC, is there a reason for this?

Q9. Do you agree with the expanded explanation of opinion on regularity issued by the auditor of the financial statements of the States of Jersey? If not, why not?

A. Yes, but this section would benefit from stating that this is how an opinion on regularity is being issued, - see response to Q. 7.

Q10. Do you agree with the expanded provisions relating to reporting on weaknesses in internal control and compliance with International Financial Reporting Standards by the auditor appointed to audit the financial statements of the States of Jersey? If not, why not?

A. Yes

Q11. Do you agree with the expanded provisions relating to the work the C&AG undertakes before issuing a certificate on the financial statements of the States of Jersey and in considering whether or not to exercise their statutory right to add a note to the financial statements? If not, why not?

A. Yes. I note that in point 43, reference is made to "Those Charged with Governance" and implicit in one of the bullet points is that it is R&AC and Minister for Treasury and Resources. This is an ill- defined concept in SoJ and definition would be welcomed. An Appendix defining those charged with Governance in each of the bodies identified in Appendix 2 would be most welcomed.

No reference to C&AG or deputy regularly attending R&AC meeting where the Financial Statements are discussed.

Q12. Do you have any other observations on Section 3?

A. Support the increased scope of reporting by the auditor, especially to ensure that the Annual report is consistent with the Financial Statements. Will this have any cost implications?

Section 4: Work on internal control, corporate governance and economy, efficiency and effectiveness

Q13. Do you have any observations on Section 4?

A. Pt.47 Refers to Those Charged with Governance, (including audit committees or equivalent) - See response to Q.11

Support the explicit statement on requirements to achieve financial targets and other aspects of sound financial management.

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. Yes

Q15. Do you have any other observations on Section 5?

A. No

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?

A. Agree with this but note that previous provisions of reporting on how the C&AG's office has been run are excluded. These were outlined in point 6.9 of the previous code. Would be helpful to keep those provisions

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

A. No

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?

A. Problematic, as CIA reports to Director of Risk & Internal Audit so who has overall responsibility for the development of the Internal Audit work programme? Could be resolved by liaison with CIA and Director of Risk & Internal Audit.

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

A. Pt. 75 in the second sentence "Ministers" should be replaced by "The Minister for Treasury & Resources"

Note that pt. 78 states "Auditors.....identify those charged with governance of each entity." Note comments made above and that in the recent appointment of auditors, each auditor was asked to define "those charged with governance" at SoJ with an understanding by the CA&G of what was the correct answer. It would be helpful to resolve these inconsistencies in this code.

Section 8: Other matters

Q20. Do you agree with the inclusion of a sub-section dealing with the exercise of the C&AG's wide-ranging statutory powers to obtain information from third parties? If not, why not?

A. Yes

Q21. Do you agree with the inclusion of a sub-section on data and records, dealing with the C&AG's duties under the Data Protection (Jersey) Law 2018 and the Public Records (Jersey) Law 2002? If not, why not?

A. Yes

Q22. Do you agree with the expansion of the provisions relating to the appointment of auditors of financial statements and the application of ethical standards to those auditors? If not, why not?

A. Yes

Q23. Do you agree with the inclusion of a sub-section dealing with the delegation of functions by the C&AG? If not, why not?

A. Yes

Q24. Do you have any other observations on Section 8?

A. No

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?

Q26. Do you agree that the existing arrangements for the preparation of the financial statements of the Jersey Dental Scheme should be codified in legislation? If not, why not?

Q27. Do you agree that there should be a consistent statutory framework relating to the responsibilities and powers of auditors appointed by the C&AG? If not, why not?

A. For these three questions it would depend upon understanding clearly who is charged with governance of each body and how the proposed changes would impact on those governance structures. If governance arrangements and structures were consistent with such powers then I would be in favour.

Reporting by entities to which the C&AG appoints auditors

Q28. Do you agree that there should be a consistent framework for the production of Annual Reports and Accounts for public bodies? If not, why not?

A. Yes

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. I believe the Board of Governance should have a statutory role alongside the Chief Minister and the Chair of PAC but that any decision to remove the CA&G should at a minimum have the agreement of the Chief Minister and the Chair of PAC. The Board should also have the power to raise concerns to the Chair of PAC and

Chief Minister.

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. A reduction in the size of the quorum. The Budget of the CA&G's office does not warrant a larger board in my opinion.

Other matters

Q32. Are there any other areas in which you believe that public audit legislation should be amended? If so, what areas and why?

A. No