

Audit Plan Update Q3 2022

October 2022

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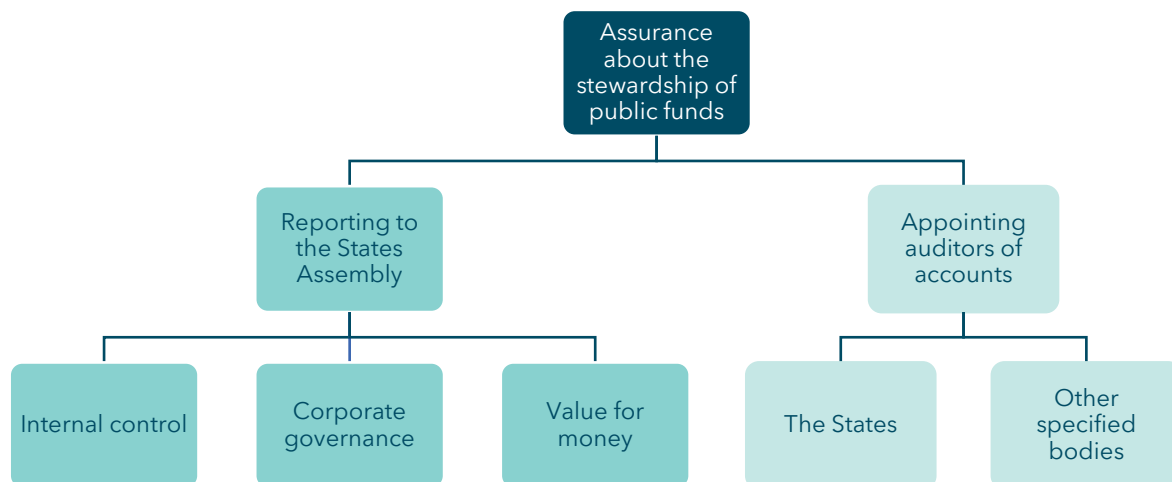
Introduction

1. Independent external audit is an important part of the process of accountability for public money. It provides assurance on the stewardship of public funds and on corporate governance.
2. On 7 January 2022 I published an Audit Plan setting out how I intend to deliver the responsibilities of the Comptroller and Auditor General (C&AG) under the Comptroller and Auditor General (Jersey) Law 2014 ('the 2014 Law').
3. Under Article 17 of the 2014 Law the C&AG may not be directed in how he/she undertakes those functions. However, the C&AG has a duty to attend meetings of and liaise with the Public Accounts Committee (PAC). I have done so in preparing this plan and I value the PAC's thoughts and contribution to my thinking.
4. The plan covers the period 2022-2025. It provides a detailed plan for the year ending 31 December 2022 and indicative plans for the three years thereafter. I have chosen a four-year period in order to be consistent with the Government Plan period.
5. The plan is subject to review and change in light of changes in the risks identified, including as a result of matters brought to the attention of the C&AG by the PAC, Members of the States Assembly, officers of the States and others. I will advise the PAC of any changes to the plan and a formal update to the plan will be published each quarter.
6. This document details the third formal quarterly update to the plan for 2022.

Statutory Responsibilities

7. My responsibilities are to provide independent, robust assurance about the stewardship of public funds by:
 - reporting to the States Assembly on the effectiveness of internal control, general corporate governance arrangements and economy, efficiency and effectiveness ('value for money'); and
 - appointing auditors of the accounts of the States (including the Social Security Fund, the Social Security (Reserve) Fund, the Health Insurance Fund and the Long-Term Care Fund) and certain other specified entities.
8. My responsibilities are summarised in Exhibit 1.

Exhibit 1: Responsibilities of the C&AG



9. Audit is not a substitute for the responsibilities of those providing public services. It is for them to ensure that public business is conducted in accordance with the law and proper standards, that public money is safeguarded, that public funds are properly accounted for and that economy, efficiency and effectiveness are secured.
10. Article 18 of the 2014 Law requires me to prepare and publish a statement of the manner in which I propose to discharge my functions. The Code of Audit Practice (the Code) published in November 2020 discharges that responsibility. Whereas the legislation sets out what my audit work should achieve, the Code sets out how the work should be undertaken.

11. The Code covers:
 - the general principles applying to public audit in Jersey
 - work on the financial statements
 - work on corporate governance, internal control and economy, efficiency and effectiveness
 - follow up of previous external audit recommendations
 - reporting the results of audit work; and
 - liaison with others (including with PAC, the Risk and Audit Committee and Scrutiny Panels).
12. The Code is an important means by which States Members, Ministers, officers of the States, other stakeholders and the public of Jersey can secure a common understanding of what the C&AG and audit firms appointed by the C&AG shall do, what they shall not do, how they shall operate and how they shall interact.
13. I will adhere to the Code when planning and undertaking my work.

Purpose, Vision and Values

14. In summary, my purpose and the purpose of the Jersey Audit Office that I head up is to provide independent assurance to the people of Jersey on the extent to which public money is spent economically, efficiently and effectively and on whether the controls and governance arrangements in place within public bodies demonstrate value for money.
15. The vision of the Jersey Audit Office is to be a trusted and innovative audit organisation that champions good governance and the wise use of public money in Jersey.
16. The Jersey Audit Office operates to the following fundamental values:
 - Independence and objectivity - we appoint auditors, determine our work plan, carry out our work and report our findings impartially. We are accessible, transparent and responsive. We drive constructive and positive change through our recommendations and follow-up. We respond with agility to the ever-changing environment in which we operate.
 - Fairness and justice - we are open and honest in the way we undertake our work, how we communicate with all stakeholders and how we treat people. We report our evidence-based findings in public, without fear or favour. We undertake audit work as economically, efficiently and effectively as possible.
 - Integrity - we speak up for what is right. We strive for and deliver high quality outcomes. We are truthful in making decisions and in responding to challenge. We meet our responsibilities in an ethical and fair way.
 - Credibility - we provide insight and promote best practice. We engage proactively with our stakeholders, with whom we work hard to build and maintain trust. Our work follows best practice and is undertaken by a team of reliable and dedicated professionals in accordance with recognised international standards.

Financial Statements Audit

Statutory Requirements

17. Legislation requires the C&AG to appoint auditors of the financial statements of:
 - the States of Jersey; and
 - certain other entities as detailed in Exhibit 2.
18. In addition, in one case, pending proposed legislative change, I appoint an auditor at the request of the Treasurer of the States.

Exhibit 2: Auditors of other entities appointed by the C&AG

Entity	Nature of appointment	Auditor appointed
Public Employees' Pension Fund	Statutory	CLA Evelyn Partners Limited
Jersey Teachers' Superannuation Fund	At request of the Treasurer of the States	CLA Evelyn Partners Limited
Jersey Financial Services Commission	Statutory	Grant Thornton Limited
Gambling Commission	Statutory	Alex Picot
Jersey Competition Regulatory Authority	Statutory	RSM Channel Islands (Audit) Limited
Jersey Advisory and Conciliation Service	Statutory	Alex Picot
Data Protection Authority	Statutory	Baker Tilly Channel Islands Limited

States of Jersey

19. The States have a statutory duty to prepare financial statements (including the accounts of the Social Security Fund, the Social Security (Reserve) Fund, the Health Insurance Fund and the Long-Term Care Fund) within three months of the year end and I have a duty to secure that an audit is undertaken within five months of the year end.

20. The scope of the audit is extended so that it includes not only an opinion on the truth and fairness of the financial statements but also an opinion on the 'regularity' of income and expenditure, in other words whether it is:
- in accordance with the intentions of the States Assembly; and
 - in compliance with relevant legislation, directions and other authorities.
21. Following a competitive tender process in 2020, Mazars LLP were awarded a five-year contract to undertake the audit of the States' accounts. Mazars LLP issued their audit opinion on the States of Jersey 2021 Accounts on 31 March 2022. I issued my certificate on the States of Jersey 2021 Accounts on 31 March 2022.

Audit Quality Framework

22. The Code published in November 2020 includes (in Appendix 3) an Audit Quality Framework covering the means by which I ensure that:
- audit work is undertaken by appropriately trained and supported individuals and audit teams
 - there are organisation-wide arrangements for quality control both within the Jersey Audit Office and the audit firms appointed by the C&AG; and
 - there is appropriate, independent assurance activity.
23. I have established the following core principles underpinning my Audit Quality Framework:
- audit quality should be embedded in the delivery of all audit work
 - audit quality should be assessed in terms of outputs and outcomes as well as inputs and processes; and
 - the approach to audit quality should drive continuous improvement in public services.
24. Further details on the specific activities to be undertaken to implement my Audit Quality Framework can be found in the Jersey Audit Office Strategy 2022-25. Independent inspections are taking place in 2022 for two audit firms appointed to undertake financial statements audit work.

Internal Control, Corporate Governance and Value for Money

Statutory Requirements

25. Article 11(3) of the 2014 Law imposes a duty on the C&AG to consider and report to the States Assembly in relation to the States of Jersey, States funded bodies, the Social Security Fund, the Social Security (Reserve) Fund, the Health Insurance Fund and the Long-Term Care Fund on:
- general corporate governance arrangements
 - the effectiveness of the internal controls, including internal auditing of those controls; and
 - economy, efficiency and effectiveness in the use of resources.
26. Articles 13(1) and 14(3) of the 2014 Law allow the C&AG to report in relation to these three matters in respect of independently audited States bodies and States aided independent bodies.

How I plan my work

27. I plan my work so that in each year I undertake one or more elements of work specifically to consider each of corporate governance, internal control and economy, efficiency and effectiveness.
28. To deliver a proportionate and effective work programme, I plan my work using a risk-based approach. There are four key stages to my audit planning cycle (see Exhibit 3).

Exhibit 3: The Audit Planning Cycle



29. In developing this Audit Plan, I take account of a wide range of risks facing the States, including:
- strategic risks arising from governance functions and those risks that are known to the States and managed through their existing risk systems
 - operational risks arising from the delivery, support and front-line service functions
 - business change risks arising from the introduction of new systems and processes; and
 - emerging risks arising from changes outside the States' control.
30. Work planned for delivery in 2022 will build upon and follow up work undertaken in previous years.

Current Risks and Priorities

31. A new Chief Minister and a new Council of Ministers were appointed in July 2022. Since appointment, they have embarked on a 100 Day Plan and have undertaken a number of significant actions including the production of a mini-budget, the commencement of a review of the Our Hospital project and the announcement of a pause in implementation of the Jersey Care Model.
32. Since the publication of my Quarter 2 Audit Plan Update, I have reviewed the timing of planned 2022 reviews in light of changes made and actions being

considered by the new Council of Ministers. I have delayed the commencement of two reviews that I had originally planned to complete in 2022. I will now scope these reviews during Quarter 4 of 2022 and undertake the reviews during 2023. These reviews are:

- Government response to the COVID-19 pandemic - Economic, Social and Health-related Recovery; and
 - Major Projects, including Capital Projects.
33. Corporate governance will continue to be a major focus of my work as it underpins the arrangements that secure value for money and effective internal control.
34. The work of the independent review panel appointed to review Jersey's response to the Covid-19 pandemic is now nearing completion. To avoid duplication with the work of the independent review panel and the PAC, I decided in my Quarter 2 Audit Plan Update to cease my review of 'Communications during the COVID-19 pandemic'. I will instead review the implementation by Government of recommendations made by the PAC as well as any future recommendations made by the independent review panel.
35. My work in 2022 and beyond will continue to concentrate on the risks arising from the considerable change programmes being implemented within Government including:
- keeping an overview of wider arrangements for ensuring that control is maintained during a period of major and rapid change
 - a particular focus on ICT implementation over the period of my plan; and
 - a focus on the delivery of major projects, including capital projects.
36. The States have taken steps to embrace sustainable wellbeing in legislation and policy frameworks. I have included within my Audit Plan specific reviews of the Jersey Performance Framework and Sustainable Transport.
37. In each of 2020 and 2021, I produced a *Good Practice Guide to Annual Reporting* to encourage greater transparency and excellence in the annual reports of publicly funded organisations. I will continue to encourage excellence and transparency in annual reporting and have included this as a theme in all years of my Audit Plan. I will publishing an updated *Good Practice Guide to Annual Reporting* during Quarter 4 of 2022.

Updated Indicative Audit Plan to 2025

38. The indicative Audit Plan for the next four years is presented in Exhibit 4. This indicates the work I propose to undertake each year and the audit objectives to which the work relates.
39. During Quarter 4 of 2022 I will undertake a thorough review of my Audit Plan for 2023 and beyond in light of changes in my assessment of risks and priorities.
40. I am also intending to issue an annual summary report on my findings, during Quarter 4 of 2022. This report will include analysis of the recommendations I have made that are yet to be implemented by the States of Jersey.

Exhibit 4: Indicative plan to December 2025

Areas for review	Internal Control	Value for Money	Corporate Governance	2022	2023	2024	2025
Government Response to the COVID-19 pandemic - Governance, Risk Management and Decision Making	✓	✓	✓	✓			
Government Response to the Covid-19 pandemic - Test and Trace and Vaccine Roll Out		✓	✓	✓			
Government Response to the Covid-19 pandemic - Economic, Social and Health-related Recovery		✓	✓	✓	✓		
Cyber security arrangements	✓	✓		✓		✓	
Long-Term Care Fund	✓	✓	✓	✓			
ICT Implementation - Integrated Technology Solution		✓	✓	✓	✓		
Efficiency Savings ('re-balancing')	✓	✓	✓	✓			

Areas for review	Internal Control	Value for Money	Corporate Governance	2022	2023	2024	2025
Major Projects, including Capital Projects	✓	✓	✓	✓	✓	✓	
Grants to Arts, Heritage and Cultural Organisations		✓	✓	✓			
Child and Adolescent Mental Health Services		✓	✓	✓			
Deployment of Staff Resources in Health and Community Services	✓	✓	✓	✓			
Governance and Accountability of Independent Bodies and Office Holders			✓	✓			
Commissioning of Services	✓	✓	✓		✓		✓
ICT Implementation - Electronic Patient Records and Digital Care		✓	✓		✓		
Jersey Care Model	✓	✓	✓		✓		✓
Portfolio, Programme and Project Management	✓	✓	✓		✓		

Areas for review	Internal Control	Value for Money	Corporate Governance	2022	2023	2024	2025
Management of Infrastructure Assets		✓			✓		
Quality of Acute Hospital Services	✓	✓	✓		✓		
Jersey Performance Framework		✓	✓		✓		
ICT Implementation - Benefits System		✓	✓		✓		✓
Care of Looked After Children		✓	✓		✓		
Commercial Services including Procurement	✓	✓	✓			✓	
Governance of the Prison Service			✓			✓	
Jersey Premium		✓	✓			✓	
Social Security Funds	✓	✓	✓			✓	
Climate Emergency Fund		✓				✓	
Operational Property Management	✓	✓	✓				✓
Fire and Rescue Service	✓	✓	✓				✓

Areas for review	Internal Control	Value for Money	Corporate Governance	2022	2023	2024	2025
Probation Service	✓	✓	✓				✓
Oversight of Arm's Length Bodies	✓	✓	✓		✓		✓
Revenue Jersey	✓	✓	✓				✓
Transparency and Excellence in Annual Reporting			✓	✓	✓	✓	✓
Follow up of previous recommendations	✓	✓	✓	✓	✓	✓	✓

Detailed Plan to December 2022

41. The detailed plan to December 2022, updated at the end of September 2022 is set out in Exhibit 5.
42. I will deliver the reviews through the Jersey Audit Office with the assistance of my Deputy and a number of individual and corporate affiliates with specialist knowledge and experience.

Exhibit 5: Detailed Audit Plan January to December 2022

Areas for review	Status	Comment
Government Response to the COVID-19 pandemic: <ul style="list-style-type: none"> • Governance, Risk Management and Decision Making • Test and Trace and Vaccine Roll Out 	<ul style="list-style-type: none"> • Issued • Issued 	
Government Response to the COVID-19 pandemic: <ul style="list-style-type: none"> • Economic, Social and Health-related Recovery 	Planned	Scoping to be undertaken in Q4 2022 with the review to commence in 2023
Cyber Security Arrangements	Issued	
Long-Term Care Fund	Issued	
ICT implementation - Integrated Technology Solution	Fieldwork commenced	Including follow up of 2021 report
Efficiency Savings ('re-balancing')	Fieldwork nearing completion	Report planned Q4 2022
Major Projects, including Capital Projects	Planned	Scoping to be undertaken in Q4 2022 with the review to commence in 2023
Grants to Arts, Heritage and Cultural Organisations	Fieldwork nearing completion	Report planned Q4 2022

Areas for review	Status	Comment
Child and Adolescent Mental Health Services	Issued	
Deployment of Staff Resources in Healthcare	Fieldwork ongoing	Report planned Q4 2022
Annual Reporting	Fieldwork complete	Report planned Q4 2022
Governance and Accountability of Independent Bodies and Office Holders	Fieldwork complete	Report planned Q4 2022
Follow up of previous audits		
States Employment Board - Follow up	Issued	
Governance of States of Jersey Police - Follow up	Issued	
Risk Management	Fieldwork complete	Report planned Q4 2022



JERSEY AUDIT OFFICE

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