

For Publication

# **Board of Governance of the Office of Comptroller and Auditor General of Jersey**

## **Standing Orders**

**Approved by the Board of Governance on 10 July 2017**

## **Statutory remit**

1. The Board of Governance of the Office of Comptroller and Auditor General for Jersey ('Governance Board') is a key means by which the Comptroller and Auditor General (C&AG) is held to account for the public funds allocated to the Jersey Audit Office. Established by the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015, the Board keeps under review whether the C&AG has used and is using the resources allocated properly, efficiently and effectively.
2. In discharging its responsibilities, the Board has a statutory duty to:
  - a) scrutinise the use of resources by, and governance arrangements of, the C&AG;
  - b) report any concerns to the Chief Minister and Chairman of the Public Accounts Committee;
  - c) if requested to do so, advise the Chairman of the Public Accounts Committee on the appointment of auditors to the Jersey Audit Office;
  - d) review, and if it thinks appropriate, comment on any estimates submitted by the C&AG to the Chairman of the Public Accounts Committee;
  - e) review the audited accounts of the Jersey Audit Office;
  - f) if it decides to do so, prepare an assurance report on the annual expenses of the C&AG; and
  - g) keep under review the remuneration of the Deputy Comptroller and Auditor General.
3. Appendix 1 provides more detail on the specific responsibilities of the Board.

## **Membership**

4. Under Article 2 of the 2015 Order, the Board comprises:
  - a) two or three members appointed by the States (referred to in this document as the "independent members", one of whom shall also be appointed by the States as Chairman of the Board;
  - b) the C&AG who is a member by virtue of his or her office.

## **Tenure**

5. Under Article 2 of the 2015 Order, the independent members are appointed for a term of four years and may only be reappointed once. Subject to Article 2, the terms of appointment may be agreed between the individual concerned, the Chief Minister and the Chairman of the PAC.
6. An independent member may resign from the Board by giving 3 months' notice to the Chief Minister and the Chairman of the PAC.
7. An independent member's appointment is automatically terminated upon the member taking up any office or employment, or being engaged under any contract, referred to in Article 2(7) of the 2015 Order.

8. The States may revoke the appointment of a member on a proposition signed by the Chief Minister and the PAC Chairman. The proposition must allege one of the following grounds for revocation, namely, that the member:
  - a) has not carried out the duties of the appointment in a competent manner;
  - b) is incapacitated either mentally or physically, from carrying out the duties of the appointment;
  - c) has neglected to carry out all or any of the duties of the appointment;
  - d) has failed to comply with any term or condition of his or her appointment;
  - e) has indulged in dishonourable conduct; or
  - f) has been convicted of an offence and, by virtue of the conviction, has shown himself or herself not to be a fit and proper person to continue in the appointment.

### **Secretarial support**

9. The C&AG must nominate an individual to act as the Board Secretary subject to the approval of the Board. The duties of the Secretary are to:
  - a) ensure that the Board is properly constituted and advised;
  - b) agree dates of Board meetings with the members;
  - c) agree the programme of work and meeting agendas with the Chairman;
  - d) ensure that the Board receives information and papers in a timely manner to enable full and proper consideration of the issues;
  - e) maintain proper records of Board business; and
  - f) provide any other necessary practical support.
10. The Chairman must ensure that the Secretary's performance is appraised at least annually having taken account of the views of the Board members.

### **Board meetings**

11. The Board will normally meet at least twice a year the dates, times and venues being agreed by members at least three months in advance. Additional meetings may be called by the Chairman at the request of the C&AG, at the request of a majority of independent members or with the agreement of the Board – a minimum of one month's notice will normally be given for such meetings except in exceptional circumstances. Meetings may be preceded or followed by informal briefings or events that are not minuted.
12. The Chairman is responsible for maintaining order during Board meetings and may take any reasonable action necessary to ensure the orderly conduct of business.
13. If the Chairman is unable to be present at a meeting or part of a meeting, the remaining members present must elect one of their number (other than the C&AG) to take the Chair for that meeting or part meeting.

14. Members who are unable to attend may raise any points with the Chairman in advance of the meeting to which they relate.
15. The Board's decisions (or resolutions) may be rescinded or varied only by a subsequent resolution. No resolution may be rescinded or varied unless its subject matter appears as a substantive item on the agenda of a subsequent meeting. Thus, a resolution cannot be rescinded or varied under "Matters Arising" or "Any Other Business".
16. The C&AG shall, at the request of the Chairman, make reasonable efforts to secure the attendance of staff or contractors of the C&AG at all or part of meetings as appropriate. The Chairman may also ask a representative of the C&AG's external auditors to attend a meeting or part of a meeting.
17. The Chairman may ask any of the attendees (including the Secretary) to withdraw from the meeting at any time if he or she deems it necessary for the appropriate conduct of business.

## **Quorum**

18. Under Article 4 of the 2015 Order, the quorum necessary for the transaction of business is at least two independent members plus the C&AG. A member is entitled to participate in Board meetings by telephone or video conference call and shall be counted in the quorum if participating in the meeting in this manner.
19. If a meeting is inquorate or becomes inquorate, no formal business can be transacted. Board decisions can no longer be made and any discussions will be informal only.

## **Voting**

20. Unless otherwise stated, a matter to be decided at a Board meeting is determined by a majority of the votes of the members present and voting on the matter under consideration. Where there is an equal division of votes, the Chair of the meeting has a second or casting vote. Proxy or postal votes on behalf of absent members are not permitted.

## **Papers**

21. Unless otherwise agreed, the Secretary will send to members, and any other person required to attend, a notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed no later than five working days before the date of the meeting. Supporting papers will be sent at the same time.
22. The Secretary must receive papers supporting agenda items at least seven working days before the meeting. The Chairman may decide whether to accept papers received after the deadline. Unless otherwise agreed, agenda items must be supported by a covering paper and/or report to provide the necessary information for debate. All such papers or reports must set out a proposed recommendation or resolution for the Board to consider.

23. A schedule of Board Information Requirements and Regular Items for Consideration by the Board is at appendix 2.

## **Minutes**

24. The Secretary will aim to send the draft minutes to the Chairman within five working days of the Board meeting to which they relate and the Chairman will approve them for distribution to members.
25. Once the minutes are approved, the Board of Governance must determine what minutes, agenda papers or parts thereof should not be published on grounds of confidentiality or other good cause. Other than to the extent that the Board has determined that agenda papers, minutes or parts thereof should not be published, agenda papers and minutes shall be made available on the C&AG's website save that, to the extent that such papers and minutes relate to the statutory functions of the C&AG, the decision as to whether or not papers, minutes or parts thereof are published rests with the C&AG alone.
26. The Secretary must arrange for the minutes of meetings to be published by being posted on an accessible area of the C&AG's website within 10 working days of the meeting at which the Board approved the minutes.
27. At every meeting of the Board, the minutes of the last meeting will be an agenda item unless the members present decide otherwise.
28. The Chairman must arrange for minutes to be taken of any proceedings from which the Secretary has withdrawn.

## **Consideration of urgent business outside of meetings**

29. Subject to the agreement of the Chairman, the Board may consider urgent business at any time if the matter concerned cannot wait until the next planned meeting. The Secretary must make sure that members are furnished with the necessary paperwork in good time to enable them to give adequate consideration to the matter in hand. The communication from the Secretary must specify a deadline for members to respond. Members may give their decision on the matter to the Secretary in writing or by electronic means.
30. Where a decision is made in this way, the Secretary must include the matter and the outcome as an item for the Board to note on the agenda for the next meeting.

## **Conduct**

31. The Board must agree a Code of Conduct for Board Members and review it annually.
32. The provisions of the Code of Conduct are binding on all members.

## **Declarations of interest**

33. The Code of Conduct for Board members describes the circumstances in which interests must be registered and the process for doing so. The Code also provides for the declaration of interests at Board meetings.
34. The Secretary must compile and maintain a “Register of Members’ Interests”.
35. The Secretary must advise the Chairman before a meeting and draw the matter to the attention of the member if, based on a declaration in the Register of Members’ interests, there appears to be a conflict or potential conflict arising because of the member’s personal or financial interest or otherwise, in relation to an agenda item.

## **Performance evaluation**

36. The Board must evaluate its own performance each year with consideration being given to using an independent external consultant to perform this evaluation every third or fourth year. The Board must minute any agreed actions to be taken following the performance evaluation.
37. The Chairman must review the performance of the other members annually and seek a review of his or her own performance with input from the C&AG and the other independent members. In reviewing the performance of the C&AG, the Chairman must consider only the C&AG’s performance as a Board member and must respect the independence of the C&AG as enshrined in Article 17 of the Comptroller and Auditor General (Jersey) Law 2014.
38. The Board must engage with the C&AG in respect of budgetary provision for any training and induction that existing and new members may require.

## **Code of Practice governing the relationship between the Board and the C&AG**

39. The Board must develop a Code of Practice governing the relationship between the Board and the C&AG (‘a Relationship Code’) with the purpose of protecting the operational independence of the C&AG whilst ensuring that the Board has a strong role in scrutinising the use of resources and the governance arrangements for the C&AG’s office.
40. The Relationship Code must cover the arrangements for approving any comments or report by the Board in the exercise functions under Articles 5(2)(b), 5(5), 5(6)(b) and 5(7) of the 2015 Order.
41. The Relationship Code and any amendments thereto must be approved by the C&AG and, separately, by a majority of the independent members before it takes effect. After approval, the Secretary must publish the Code on the C&AG’s website.
42. The Board must review the Code at least annually.

### **Validity of proceedings**

43. To the extent permitted by law, the validity of proceedings of the Board is not affected by any vacancy or any defective appointment of any of its members.

### **Disclosure**

44. Details of the membership of the Board of Governance and of these Standing Orders must be made available on the C&AG's website.

### **Review of terms of reference**

45. The Board must review these terms of reference annually. They may be amended only by a resolution of the Board. Such a resolution will take effect only if a majority of independent members have voted in favour.

## Appendix 1

### Responsibilities of the Board

The Board's specific statutory functions are set out in Article 5 of the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015 which states:

- 5(1) *The Board shall keep under review whether the Comptroller and Auditor General has used and is using the resources provided to him or her under Article 9 of the 2014 Law properly, efficiently and effectively.*
- (2) *In discharging the function described in paragraph (1) the Board shall –*
  - (a) *scrutinize the use of the resources by, and the governance arrangements of, the Comptroller and Auditor General; and*
  - (b) *report, to the Chief Minister and the [PAC] Chairman, any concern that the Board has regarding the Comptroller and Auditor General's use of the resources or governance arrangements.*
- (3) *The Board shall, when consulted under Article 19(2) of the 2014 Law, advise the [PAC] Chairman upon the appointment of auditors to audit the accounts of the Comptroller and Auditor General.*
- (4) *The Board shall review any estimate before it is provided, for the purposes of Article 24C of the Public Finances Law, by the Comptroller and Auditor General to the Chairman.*
- (5) *The Board may comment upon any estimate reviewed under paragraph (4) and request that its comment is included by the Comptroller and Auditor General in the estimate when it is provided to the [PAC] Chairman.*
- (6) *The Board –*
  - (a) *shall review the audited accounts of the Comptroller and Auditor General before a copy of them is provided by the Comptroller and Auditor General to the Greffier of the States under Article 19(3) of the 2014 Law; and*
  - (b) *may request that its comments are included with the copy when it is so provided.*
- (7) *The Board may, in the discharge the function described in paragraph (1) –*
  - (a) *prepare an assurance report upon the annual expenses of the Comptroller and Auditor General; and*
  - (b) *request that the report is included with the copy of the audited accounts provided under Article 19(3) of the 2014 Law.*
- (8) *Without prejudice to the generality of the duty imposed by paragraphs (1) and (2)(a), the Board –*
  - (a) *if requested by the Comptroller and Auditor General, shall advise upon and participate in, the recruitment of the most senior officer, employee or agent of the Comptroller and Auditor General;*
  - (b) *shall keep under review the remuneration of the most senior officer, employee or agent of the Comptroller and Auditor General and may make recommendations regarding such remuneration; and*



- (c) *may advise upon the terms and conditions of employment or engagement of the most senior officer, employee or agent of the Comptroller and Auditor General.*

## Appendix 2

### Board Information Requirements

1. The Secretary is responsible for ensuring that all information relevant to the discharge of the Board's responsibilities is provided promptly and timely to the Board.
2. Annually, the Board receives:
  - a) the draft estimate of expenses including supporting documentation such as the C&AG's work programme and explanations for the level of administrative and overhead costs;
  - b) the C&AG's Code of Audit Practice with any proposed revisions highlighted;
  - c) the external auditor's strategy for the audit of the financial statements of the Office of Comptroller and Auditor General (audited under Article 10 of the Comptroller and Auditor General (Jersey) Law 2014);
  - d) significant changes in accounting policies or practices;
  - e) the draft annual report and financial statements with a supporting schedule of the C&AG's expenses, the external auditor's proposed opinion on the financial statements and any other report from the auditor to the C&AG;
  - f) the audited financial statements including the final audit opinion;
  - g) paper covering the evaluation of the Board's effectiveness;
  - h) paper covering the review of the Board's Terms of Reference;
  - i) paper covering the review of the Code of Practice governing the relationship between the Board and the C&AG;
  - j) paper covering the review of the Code of Conduct.
  - k) Each quarter, the Board will receive the latest version of the C&AG's risk register unless a meeting is planned within 30 days of the end of the quarter;
3. At each meeting the Board will receive:
  - a) the minutes of the previous meeting for approval;
  - b) a report from the C&AG;
  - c) an update from the Chairman on any salient matters;
  - d) the latest version of the C&AG's risk register if not already supplied (see 3 above);
4. Details of the C&AG's expenses incurred since the previous meeting.
5. As and when appropriate the Board will be provided with:
  - a) Information on the terms, conditions and remuneration of the most senior officer, employee or agent of the C&AG;
  - b) New office policies or policies not previously seen by the Board and amendments to policies;
  - c) Significant changes for the arrangements for identification and management of risk.

6. The Chairman and the C&AG, following consultation with the Secretary, shall determine who should be responsible for preparing the papers in 2(g) to (j) above.