



**Comptroller and Auditor General  
Audit Plan 2017/18  
18 September 2017**

# Audit Plan

## Introduction

### ***Scope of this report***

- 1.1 This audit plan sets out how I intend to deliver my responsibilities as Comptroller and Auditor General (C&AG) for the States of Jersey (the States). The plan is prepared to discharge my responsibilities under the Comptroller and Auditor General (Jersey) Law 2014 (the Law).
- 1.2 The audit plan:
  - shows the areas I intend to review over the three year period from 2017/8 to 2019/20; and
  - includes a more detailed programme for the period to September 2018.
- 1.3 Although I act entirely independently in the discharge of my functions, in accordance with Article 17 of the Law, I have consulted the Public Accounts Committee (PAC) in preparing the plan. The plan is subject to review and change in light of changes in the risks that I identify, including as a result of matters brought to my attention by the PAC, members of the States Assembly, officers of the States and others. I shall advise the PAC of any changes to the plan.

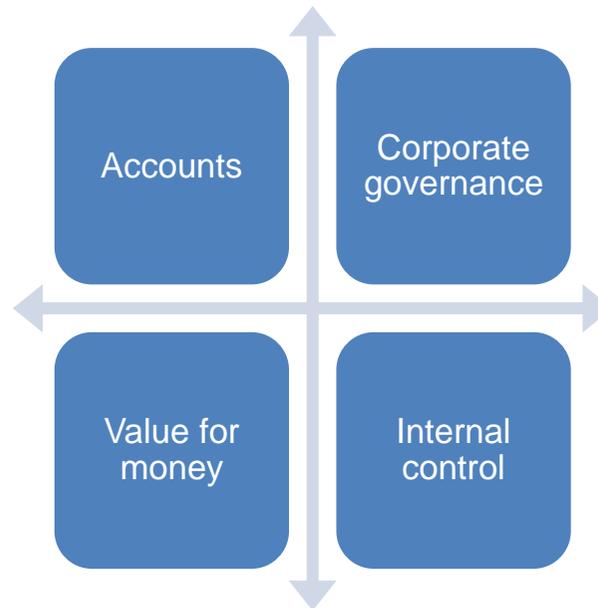
### ***Structure of this report***

- 1.4 This report comprises:
  - Section 2 that sets out my statutory responsibilities;
  - Section 3 that describes my audit approach;
  - Section 4 that explains how I maintain high standards of quality;
  - Section 5 that provides information on how the work programme will be resourced, the timescales and deliverables;
  - Section 6 that sets out my indicative audit plan for the three years from 2015 to 2018;
  - Section 7 that provides a more detailed annual work programme for the period to September 2016; and
  - Section 8 that sets out other outputs that I shall produce in the course of the year.

## My statutory responsibilities

- 2.1 The Law requires the C&AG to provide the States with independent assurance that the public finances of Jersey are being regulated, controlled and supervised and accounted for in accordance with the Law. This overarching responsibility is replicated in the new Law.
- 2.2 My responsibilities relate to:
- **The Accounts.** The Law requires me to arrange for an audit of the States' accounts (which include the accounts of the Social Security, Social Security (Reserve), Health Insurance and Long Term Care Funds). It also requires me to appoint the auditors to various independently audited States bodies.
  - **Wider aspects of the use of public funds.** I have a duty to consider and report on:
    - general corporate governance arrangements;
    - economy, efficiency and effectiveness in the way resources are used i.e. value for money; and
    - effectiveness of internal controls.

### Exhibit 1: Summary of C&AG responsibilities



## My audit approach

### *How I plan my work*

3.1 There are 5 key stages to my audit planning cycle.

#### Exhibit 2: The Audit Planning Cycle



3.2 I use a risk based approach to identifying areas for review. I believe a risk based audit approach results in a more proportionate and effective audit plan.

3.3 In developing my audit plan I take account of a wide range of risks facing the States of Jersey, 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.

3.4 My two previous audit plans concentrated on gaining an understanding and reporting on the governance arrangements across the States. In my 2014/15 plan I introduced structured follow-up of my reports. Both my 2015/16 plan and 2016/17 plan reflected an increased focus on value for money. This year there is a strong focus on corporate governance and over the next two years I plan to focus increasingly on following up on my previous reports and drawing out themes.

### ***What my work covers***

3.5 The focus of my work is set out in my statutory responsibilities detailed in Section 2 above:

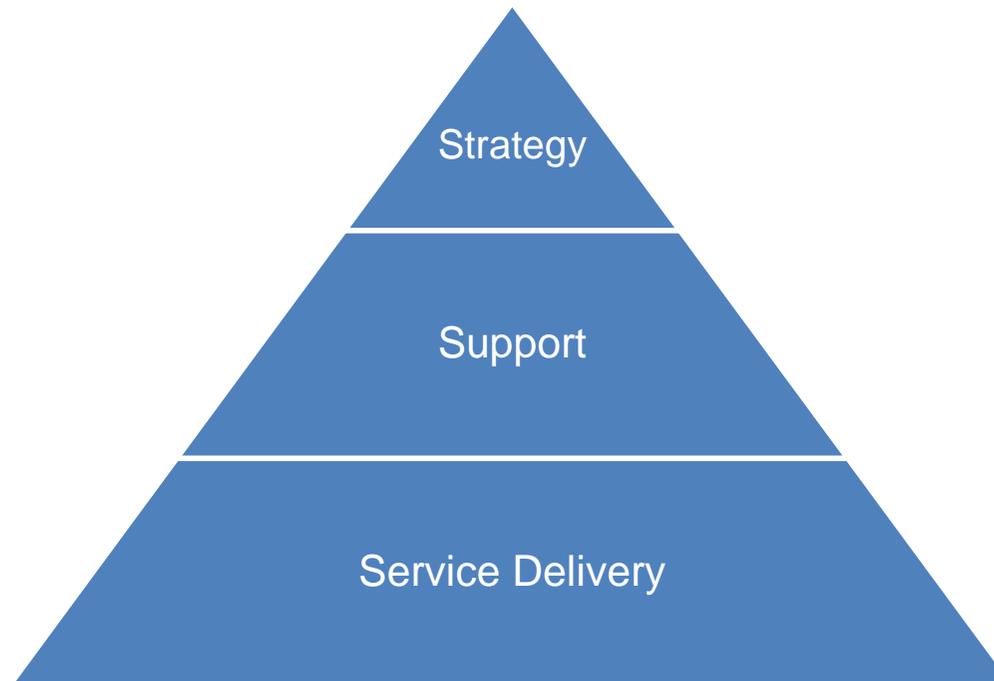
#### **The Accounts:**

- Following a competitive tender process PricewaterhouseCoopers LLP (PwC) were reappointed in 2015 to undertake the audit of the financial statements of the States that include the accounts of the Social Security Fund, Social Security (Reserve) Fund, the Health Insurance Fund and the Long Term Care Fund. I meet with the Partner and Audit Manager from PwC regularly to discuss audit risks, monitor progress of work and review the implications of their findings. I report on any issues that should be brought to the attention of the States.
- In advance of proposed legislative changes, the Treasurer of the States invited me to include within the procurement exercise the appointment of auditors of both the Public Employees Pension Fund (PEPF) and the Jersey Teachers Superannuation Fund (JTSF). As a result of that exercise, I appointed PwC to audit the accounts of both schemes. The relevant legislation has subsequently been enacted to make me responsible for the appointment of auditors of PECRS. The audits are undertaken by a separate team from that responsible for the audit of the States' accounts.
- Under the 2014 Law I have a duty to appoint auditors to various independently audited States bodies. In performance of my duties I have appointed:
  - Deloitte LLP as auditors of the Jersey Gambling Commission;
  - BDO Limited as auditors of the Jersey Advisory and Conciliation Service and of the Jersey Competition Regulatory Authority; and
  - BDO LLP as auditors of the Jersey Financial Services Commission.

**Wider aspects of the use of public funds:**

- I consider all levels of operations within the States of Jersey, from strategic arrangements, such as business and financial planning and risk management, to support functions, such as finance, human resources, information technology (IT) and estates, and service delivery functions, such as health, policing and education.

**Exhibit 3: Audit coverage**



***Consultation and liaison***

- 3.6 I have a statutory duty to liaise with the PAC and to attend all meetings of the PAC.
- 3.7 I will publish my plan on the Jersey Audit Office website in due course. I will also present quarterly updates on the plan to the PAC.
- 3.8 Comments on my plan are welcome and can be emailed to [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je)

## **The quality of my work**

- 4.1 In November 2014 I published a Code, specifying how the Office of the C&AG should perform its functions. The Code covers:
- Overall principles (including the principles of public audit, exercise of discretion, maintaining audit quality and compliance with professional standards);
  - Planning (including continuous planning and consideration of information received);
  - The opinion on financial statements (including on the regularity of income and expenditure);
  - Other responsibilities (financial control, value for money and corporate governance);
  - Follow up of implementation of previous audit recommendations; and
  - Reporting (including the Annual Report) and liaison (including with PAC, the Audit Committee and Scrutiny Panels).
- 4.2 I will adhere to the Code when planning and undertaking my work.
- 4.3 I aim to provide robust audit and assurance that is independent and objective. This means that professional standards will be met.

## **Audit resourcing and deliverables**

- 5.1 My audit team consists of:
- One part-time permanent member of staff based in Jersey;
  - Contract staff, including a deputy based off-island and on-island support; and
  - Affiliates engaged to provide specialist knowledge and experience when required. I plan to supplement my affiliate pool this year.
- 5.2 In addition to auditing the financial statements of the States, PwC provide help and support when requested on individual pieces of work.
- 5.3 My audit plan and programme of work for any one year will be delivered across the States of Jersey financial year. I will deliver an annual programme running from 1 September to 31 August each year with a view to producing a summary of my work in August each year.

## Indicative audit plan for the three years from 2017/18 to 2019/20

- 6.1 My indicative audit plan for the next three 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. The plan is ambitious and will be updated as risks change and the updates reported to PAC. The plan for 2019/20 may be subject to additional change as my term of office ends on 31 December 2019.
- 6.2 Three major pieces of work from 2016/17 are planned to be completed by October 2017 and may impact on the programme as detailed below. These are:
- Review of the grant framework;
  - Decision making - the future hospital site; and
  - Management of Land and Property - operational land and buildings.

### Exhibit 4: Indicative audit plan 2017/18 to 2019/20

Areas for review	Financial Statements - True and Fair	Financial Statements - Regularity	Internal Financial Control	Value for Money	Corporate Governance	2017/18	2018/19	2019/20
<b>Audit of financial statements - oversight of auditors</b>								
Financial Statements (including regularity of income and expenditure) - the States	✓	✓				✓	✓	✓
Financial Statements - other bodies specified in the Law	✓					✓	✓	✓
<b>Reports to the States Assembly</b>								
Governance of the States of Jersey Police					✓	✓		

Areas for review	Financial Statements - True and Fair	Financial Statements - Regularity	Internal Financial Control	Value for Money	Corporate Governance	2017/18	2018/19	2019/20
Governance - health and social care					✓	✓		
Management of land and property - investment property, including the role of the States of Jersey Development Company (SoJDC)			✓	✓	✓	✓		
People management (including the role of the States Employment Board)			✓		✓	✓		
Arm's length organisations - detailed review			✓	✓		✓		
Balance sheet evaluation						✓		
Information systems and standards			✓	✓	✓	✓	✓	✓
Corporate planning and control of capital expenditure			✓	✓	✓		✓	
Long Term Care Fund					✓		✓	
Primary care				✓	✓		✓	
External inspection and accreditation of services				✓	✓		✓	
<b>Follow up of previous recommendations</b>	✓	✓	✓	✓	✓	✓	✓	✓

## Detailed annual audit plan for 2017/18

7.1 Exhibit 5 provides a timetable for planned commencement and completion of audit work for the coming year. I will take quarterly updates on this programme to the PAC during the year.

### Exhibit 5: Detailed plan for 2017/18

Areas for review	Fieldwork started	Final report issued
<b>Audit of financial statements: oversight of auditors</b>		
Financial Statements (including regularity of income and expenditure) - the States - 2017		
Financial Statements - other bodies specified in the Law - 2017		
<b>Reports to the States Assembly</b>		
Management of land and property: operational land and buildings (b/f from 2016/17 plan)	February 2017	
Governance of the States of Jersey Police	July 2017	
Governance - health and social care	September 2017	
Management of land and property - investment property, including the role of the States of Jersey Development Company (SoJDC)		
People Management (including the role of the States Employment Board (SEB))		
Arm's length organisations - detailed review		
Balance sheet evaluation		
Information systems and standards - phase 1		

<b>Follow up of previous audit recommendations</b>		
Financial management		
Community and Social Services		
The States as shareholder - Jersey Telecom (to include a review of arrangements in other strategic investments including Ports of Jersey)	September 2017	

### Other work undertaken by the C&AG

8.1 In the course of the year I plan to undertake other work relating to the development of a robust and sustainable framework for public audit in Jersey leading to reports that shall be laid before the States. The key outputs are detailed in Exhibit 6.

### Exhibit 6: Other outputs of the C&AG

Output	Published
Audit Plan	September 2017
Annual Report and Accounts	Planned September 2018

**END**



JERSEY AUDIT OFFICE

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