



**Office of the Comptroller and Auditor General**

**Audit Plan 2020**

**9 April 2020 Update**



JERSEY AUDIT OFFICE

# Audit Plan 2020 - 2022

## Introduction

### *Scope of this plan update*

- 1.1 My term of office commenced on the 1 January 2020 and I published my audit plan for 2020 on 13 January 2020. The plan covers in detail the period to December 2020 and in indicative terms, the period to December 2022. References to 'I' or 'my' in this plan refer to 'the Comptroller and Auditor General' rather than specifically to me or my predecessor.
- 1.2 Since my audit plan was published on 13 January 2020, the coronavirus pandemic has presented unprecedented challenges for us all, including its effect on our everyday lives. In particular, the pandemic has called for an extraordinary response from the Government of Jersey as it seeks to save lives, safeguard health and protect livelihoods in Jersey. The unparalleled nature and scale of the fiscal measures being taken in response to coronavirus reinforce the need for strong public financial management. Equally strong public accountability for the resources used in fighting the pandemic, through high quality financial reporting, will also be essential to making their overall impact on public sector finances fully transparent.
- 1.3 I have updated my audit plan in the light of the coronavirus response. This revised plan sets 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'). 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 update and I value the Committee's thoughts and contribution to my thinking.
- 1.4 The plan will continue to be 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. The PAC will be advised of any changes to the plan.

### *Structure of this plan*

- 1.5 This report comprises:
  - Section 2 that sets out my statutory responsibilities;
  - Section 3 that sets out how I plan to discharge my responsibilities in relation to internal control, corporate governance and value for money;
  - Section 4 that sets out how I plan to discharge my responsibilities in relation to the audit of accounts; and
  - Section 5 that sets out other documents that I propose to issue.

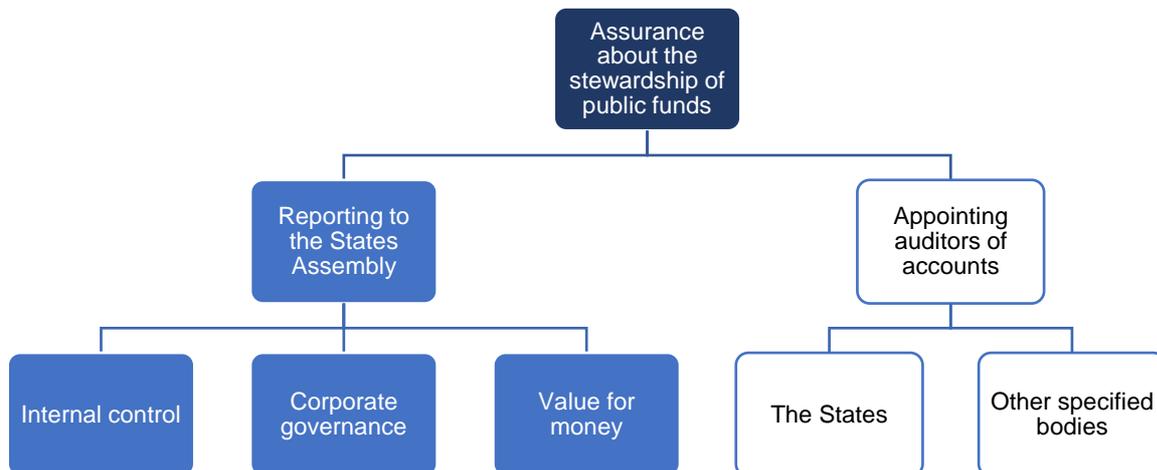
## My statutory responsibilities

2.1 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.

2.2 My responsibilities are summarised in Exhibit 1.

### Exhibit 1: Responsibilities of the Comptroller and Auditor General



2.3 In accordance with the 2014 Law 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 Risk and Audit Committee and Scrutiny Panels).

2.4 I will adhere to the Code when planning and undertaking my work. During 2020 I will review and update the Code.

## Internal control, corporate governance and value for money

### *How I plan my work*

3.1 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 2).

#### **Exhibit 2: The Audit Planning Cycle**



3.2 In developing this 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.

### ***Priorities in planning my work***

3.3 Work planned in 2020 will build upon and follow-up work undertaken in previous years.

- 3.4 Corporate governance will continue to be a major focus as it underpins the arrangements that secure value for money and effective internal controls.
- 3.5 During 2018 and 2019, following the appointment of the current Chief Executive, there have been major changes taking place as the new Target Operating Model is introduced. This has been accompanied by a range of modernisation initiatives which are continuing through 2020 and beyond. Change of this magnitude can deliver substantial benefits but there are associated risks. As a result, work will concentrate on the risks arising from change including:
- keeping an overview of arrangements for ensuring that control is maintained during a period of major and rapid change;
  - keeping a watching brief on changes in arrangements for financial management which should address the implementation of the many recommendations the C&AG has made in this area;
  - monitoring the implementation of previous recommendations where the responsibility for implementation may have changed under the new Target Operating Model; and
  - focussing on elements of the States outside the Ministerial departments directly affected by the move to the new Target Operating Model.

***Indicative plan to December 2022***

- 3.6 The indicative audit plan for the next three years is presented in Exhibit 3. This indicates the work I propose to undertake each year and the audit objectives to which the work relates. I shall update the plan in light of changes in my assessment of risks and priorities.
- 3.7 The plan reflects:
- three pieces of work – on the States of Jersey Development Company, Insurance and Use of Enforcement Powers - that were included in the previous plan where fieldwork is complete or nearing completion;
  - the decision to defer completion of my review of Handling and Learning from Complaints until February 2020 to allow time for recent changes in the complaints process to be implemented; and
  - my intention to maintain a watching brief on all risks arising from change. I have not scheduled to report to the States Assembly as a result of this work but, if necessary, will do so and/or adjust my work programme in response to developments.

### Exhibit 3: Indicative plan to December 2022

Areas for review	Internal Control	Value for Money	Corporate Governance	2020	2021	2022
<b>Reports to the States Assembly</b>						
States of Jersey Development Company	✓	✓	✓	✓		
Insurance		✓	✓	✓		
Use of Enforcement Powers	✓		✓	✓		
Handling and Learning from Complaints			✓	✓		
Anti-Corruption Arrangements	✓		✓	✓		
Long Term Care Fund	✓	✓	✓	✓		
The Capital Programme	✓	✓	✓	✓	✓	
Government response to the coronavirus pandemic	✓	✓	✓	✓		
Portfolio, Programme and Project Management	✓	✓	✓		✓	
Changes in ICT - Cloud implementation		✓	✓	✓	✓	
Changes in ICT - cyber security	✓		✓		✓	
Efficiency savings	✓	✓	✓		✓	
Grants to Cultural Organisations (including Jersey Opera House)		✓	✓	✓		
Infrastructure Assets		✓			✓	

Areas for review	Internal Control	Value for Money	Corporate Governance	2020	2021	2022
Jersey Care Model	✓	✓	✓		✓	
Health Informatics		✓	✓			✓
Pupil Premium		✓	✓			✓
Non-financial performance information		✓	✓			✓
<b>Follow up of previous recommendations</b>	✓	✓	✓	✓	✓	✓

### ***Detailed plan to December 2020***

3.8 The detailed plan to December 2020 is set out in Appendix 1. I shall update this plan on a quarterly basis and present it to the PAC. This plan and updates to it are published on the Jersey Audit Office (JAO) website: [jerseyauditoffice.je](http://jerseyauditoffice.je)

### ***Delivering the plan***

3.9 I plan to deliver the reviews through the JAO with the assistance of:

- a deputy based off-island and on-island support;
- affiliates engaged to provide specialist knowledge and experience when required. I plan to supplement my affiliate pool during 2020; and
- where appropriate, additional support from external consultancy firms or from other public audit agencies, including the UK National Audit Office.

## **Appointing auditors of accounts**

### ***Audit of the States' accounts***

- 4.1 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.
- 4.2 From 2017 the scope of the audit was extended so that it included 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.
- 4.3 Following a competitive tender process in 2019, Deloitte were awarded a five year contract to undertake the audit of the States' accounts. I am concerned to ensure that the States receive a high quality and effective audit. To that end, I meet with the Partner and Director from Deloitte regularly to discuss audit risks, monitor progress of work and review the implications of their findings. I will report on any issues that should be brought to the attention of the States Assembly.

### ***Audit of the accounts of other bodies***

- 4.4 I have a statutory duty to appoint the auditors of other entities specified in legislation. In one case, pending proposed legislative change, I have appointed an auditor at the request of the Treasurer of the States (see Exhibit 4).

**Exhibit 4: Auditors of other bodies appointed by the Comptroller and Auditor General**

Body	Nature of appointment	Auditor appointed	Note
Public Employees' Pension Fund	Statutory	PricewaterhouseCoopers LLP	1
Jersey Teachers' Superannuation Fund	At request of the Treasurer of the States	PricewaterhouseCoopers LLP	1
Jersey Financial Services Commission	Statutory	BDO LLP	
Jersey Gambling Commission	Statutory	Alex Picot	2
Jersey Competition Regulatory Authority	Statutory	BDO Limited	
Jersey Advisory and Conciliation Service	Statutory	BDO Limited	
Data Protection Authority	Statutory	Baker Tilly Channel Islands	3

**Notes:**

1. All functions in relation to the management of the contracts for the audit of the Public Employees' Pension Fund and the Jersey Teachers' Superannuation Fund have been delegated to the Deputy Comptroller and Auditor General.
2. Appointed following a competitive tender process undertaken by the Jersey Gambling Commission and a recommendation to me.
3. Appointed following a competitive tender process undertaken by the Information Commissioner and a recommendation to me. The Treasurer of the States is providing support in preparation of the 2018 and 2019 accounts.

## Other publications

5.1 I summarise other publications planned to December 2020 in Exhibit 5.

### Exhibit 5: Other publications planned

Publication	Comments
Audit plan – 2021	Due to be published December 2020
Annual Report and Accounts 2019	Planned to be published by May 2020
Code of Audit Practice	Review and update planned to be complete by June 2020

## Detailed plan January 2020 to 31 December 2020

Areas for review	Status	Comment
<b>Reports to the States Assembly</b>		
States of Jersey Development Company	Finalisation	Report planned to be published in May 2020
Insurance	Finalisation	Report planned to be published in April 2020
Use of Enforcement Powers	Finalisation	Report planned to be published in April 2020
Handling and learning from Complaints	Finalisation	Report planned to be published in May 2020
Anti-Corruption Arrangements	Fieldwork to commence April 2020	
Long Term Care Fund	Scope to be confirmed. Fieldwork initially planned to commence autumn 2020	
The Capital Programme	Scope to be confirmed. Fieldwork initially planned to commence autumn 2020	Capital planning programme development and monitoring
Government response to coronavirus pandemic	Scope to be confirmed. Fieldwork initially planned to commence summer 2020	
Changes in ICT - Cloud implementation	Planned	
Grants to Cultural Organisations (including Jersey Opera House)	Planned. Fieldwork planned to commence in autumn 2020	Report planned for 2021

Areas for review	Status	Comment
<b>Follow up of previous audit recommendations</b>		
Management Information in Education (Sept 2016)	Fieldwork commenced	Report planned for 2020
States Employment Board (March 2019)	Planned	Report planned for 2021
Governance Arrangements - Health and Social Care (Sept 2018)	Planned	Report planned for 2021
Governance of the States of Jersey Police (March 2018)	Planned	Report planned for 2020
Oversight of and Remuneration of Boards	Planned	<p>Watching brief 2020.</p> <p>Report planned for 2021, taking into account of the following reports:</p> <ul style="list-style-type: none"> <li>• <i>The States as Shareholder - Jersey Telecom</i> (July 2014);</li> <li>• <i>The States as Shareholder - Follow-up</i> (March 2019);</li> <li>• <i>Oversight of Arm's Length Organisations</i> (June 2017);</li> <li>• <i>Arm's Length Organisations - Visit Jersey</i> (December 2018);</li> <li>• <i>Role and Operation of the States Employment Board</i> (March 2019); and</li> <li>• <i>Remuneration of Boards</i> (October 2019).</li> </ul>

Areas for review	Status	Comment
Progress on Implementation of Recommendations on Recurring Themes	Planned	Ongoing support to PAC



JERSEY AUDIT OFFICE

LYNN PAMMENT  
COMPTROLLER and AUDITOR GENERAL

JERSEY AUDIT OFFICE, DE CARTERET HOUSE, 7 CASTLE STREET, ST HELIER, JERSEY JE2 3BT  
T: 00 44 1534 716800 E: [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je) W: [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je)