

# Audit Plan 2023 to 2026

3 October 2023

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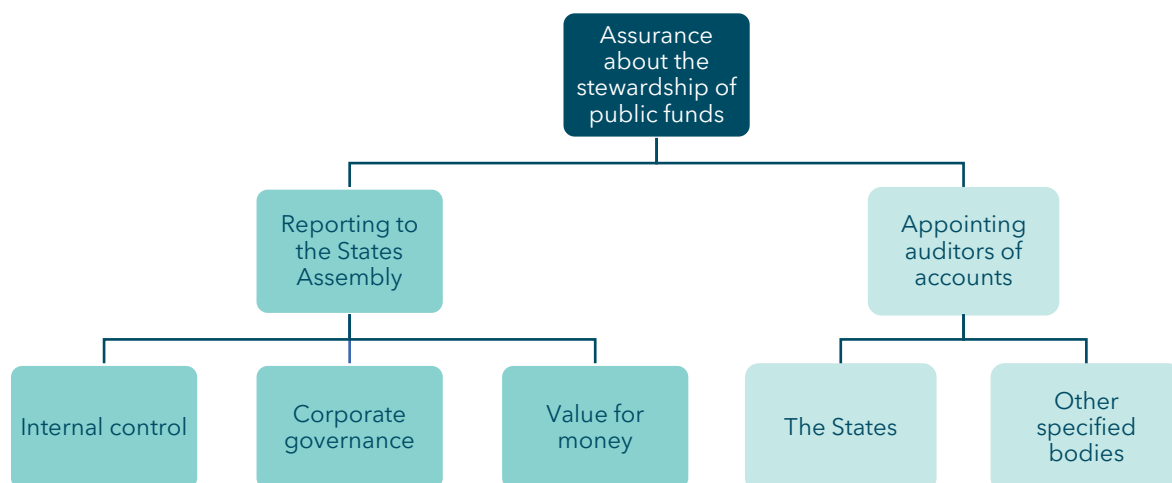
# Introduction

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 18 January 2023 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 2023 to 2026. It provides a detailed plan for the year ending 31 December 2023 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 my attention 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 2023 to 2026.

# 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.
14. On 28 June 2023 I launched a consultation on a revised Code. The proposed revisions to the Code reflect a number of updates including to align with international professional standards for public sector auditing issued by the International Organisation of Supreme Audit Institutions (INTOSAI). The closing date for submission of comments on the draft revised Code was 8 September 2023. I am currently reviewing the comments received and intend to issue the revised Code in Quarter Four of 2023.
15. On 31 July 2023 I issued my Mid-Term Reflections on the Office of the C&AG. Within this Thinkpiece I made a number of recommendations regarding the powers and duties of the C&AG. The Government's published legislative programme includes provision for an update to the C&AG Law in 2024.
16. If implemented in full, these recommendations will, among other changes, result in changes to the entities for which the C&AG has the duty to appoint financial statements auditors. I am in the process of collecting formal feedback from the entities potentially affected by my recommendations and will present this feedback to Government during Quarter Four of 2023.

# Purpose, Vision and Values

17. 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.
18. 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.
19. The Jersey Audit Office operates to a set of 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

20. 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.
21. 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	Current 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

22. 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.
23. 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.
24. 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 Annual Report and Accounts for 2022 on 28 April 2023. I issued my Certificate on the States of Jersey Annual Report and Accounts on the same day.

## Audit Quality Framework

25. 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.
26. 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.



27. Further details on the specific activities to be undertaken to implement my Audit Quality Framework can be found in the Jersey Audit Office Strategy 2023-26.

# Internal Control, Corporate Governance and Value for Money

## Statutory Requirements

28. 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.
29. 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

30. 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.
31. To deliver a proportionate and effective work programme, I plan my work using a risk-based approach. There are five key stages to my audit cycle (see Exhibit 3).

### Exhibit 3: The Audit Cycle



32. 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.
33. Work planned for delivery in 2023 will build upon and follow up work undertaken in previous years.

### Current Risks and Priorities

34. Corporate governance will continue to be a major focus as it underpins the arrangements that secure value for money and effective internal control.
35. The new Council of Ministers formed after the 2022 election has set out a new Government Programme through the Common Strategic Policy, the Government Plan 2023-2026 and Ministerial Plans. Delivery Plans to support the Government Programme were published in early 2023.

36. My work in 2023 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 Information and Communications Technology (ICT) implementation over the period of my plan; and
  - a focus on the delivery of major projects, including capital and strategic projects.
37. The States have taken steps to embrace sustainable wellbeing in legislation and policy frameworks and intend to continue to do so throughout the period of my plan. I have included within my plan specific reviews of the Jersey Performance Framework and of Sustainable Transport.
38. For the last three years I have 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 plan.

## Indicative Audit Plan to 2026

39. 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. I shall update the plan in light of changes in my assessment of risks and priorities.
40. The 2023 plan includes certain work that commenced in 2022 and has been reported in 2023:
- Deployment of Staff Resources in Health and Community Services
  - Efficiency Savings; and
  - Integrated Technology Solution - Follow Up.
41. The plan also includes two reviews that I had initially intended to commence in 2022 but were deferred to 2023:
- Government Response to the COVID-19 Pandemic - Economic, Social and Health-related Recovery; and
  - Major and Strategic Projects, including Capital Projects.

42. During this quarter I have taken the decision to defer my planned 2023 review of cyber security to 2024. This decision reflects the status of ongoing work by Government in respect of cyber security.

#### Exhibit 4: Indicative plan to December 2026

Areas for review	Internal Control	Value for Money	Corporate Governance	2023	2024	2025	2026
Deployment of Staff Resources in Health and Community Services	✓	✓	✓	✓			
Efficiency Savings	✓	✓	✓	✓			
Integrated Technology Solution - Follow Up		✓	✓	✓			
Government Response to the Covid-19 pandemic - Economic, Social and Health-related Recovery		✓	✓	✓			
Major and Strategic Projects, including Capital Projects	✓	✓	✓	✓			✓
Cyber Security Arrangements	✓	✓			✓		✓
Commissioning of Services	✓	✓	✓	✓			✓
ICT Implementation - Electronic Patient Records and Digital Care		✓	✓	✓			
Tackling Fraud and Error	✓	✓		✓			

Areas for review	Internal Control	Value for Money	Corporate Governance	2023	2024	2025	2026
Strategic Property Management	✓	✓		✓			
Oversight of Arm's-Length Bodies	✓	✓	✓	✓			✓
Sustainable Healthcare Funding	✓	✓	✓		✓		
Portfolio, Programme and Project Management	✓	✓	✓		✓		
Staff Recruitment and Retention	✓	✓			✓		
IT Asset Management	✓	✓			✓		
Jersey Performance Framework		✓	✓		✓		
ICT Implementation - Benefits System		✓	✓		✓		
Commercial Services including Procurement	✓	✓	✓		✓		
Management of Infrastructure Assets	✓	✓				✓	
Education Reform Programme		✓	✓			✓	

Areas for review	Internal Control	Value for Money	Corporate Governance	2023	2024	2025	2026
Government Value for Money Programme	✓	✓	✓			✓	
Staff Education and Training		✓	✓			✓	
Social Security Funds	✓	✓	✓			✓	
Operational Property Management	✓	✓	✓			✓	
Fire and Rescue Service	✓	✓	✓			✓	
Revenue Jersey	✓	✓	✓			✓	
Climate Emergency Fund		✓					✓
Governance of the Prison Service	✓	✓	✓				✓
Probation and After-Care Services	✓	✓	✓				✓
Transparency and Excellence in Annual Reporting			✓	✓	✓	✓	✓
Follow Up of previous recommendations	✓	✓	✓	✓	✓	✓	✓



## Detailed Plan to 31 December 2023

43. The detailed plan to 31 December 2023 updated at the end of September 2023 is set out in Exhibit 5. The plan and updates to it will also be published on the Jersey Audit Office website [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je).
44. I will deliver the reviews through the Jersey Audit Office with the assistance of a number of individual and corporate affiliates with specialist knowledge and experience.

### Exhibit 5: Detailed plan January to December 2023

Areas for review	Status	Comment
Deployment of Staff Resources in Health and Community Services	Issued	Report issued 24 January 2023
Efficiency Savings	Issued	Report issued 9 March 2023
Integrated Technology Solution - Follow Up	Issued	Report issued 28 April 2023
Government Response to the COVID-19 pandemic: <ul style="list-style-type: none"> <li>Economic, Social and Health-related Recovery</li> </ul>	Issued	Report issued 25 September 2023
Major and Strategic Projects, including Capital Projects	Phase 1 issued Phase 2 fieldwork complete	Phase 1 was a follow up review focussing on learning from previous hospital projects. Report issued 15 May 2023 Phase 2 report planned Q4 2023
Commissioning of Services	Planned	Fieldwork planned to commence Q4 2023
ICT Implementation - Electronic Patient Records and Digital Care	Fieldwork commenced	Report planned Q4 2023
Tackling Fraud and Error	Fieldwork commenced	
Strategic Property Management	Planned	Fieldwork planned to commence Q4 2023

Areas for review	Status	Comment
Oversight of Arm's Length Bodies	Planned	Fieldwork planned to commence Q4 2023
Annual Reporting	Fieldwork complete	Report and accompanying Good Practice Guide planned Q4 2023
<b>Follow Up of previous audits</b>		
Use of Consultants	Fieldwork commenced	Report planned Q4 2023
Handling and Learning from Complaints	Fieldwork commenced	Report planned Q4 2023



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