

**Office of the Comptroller and  
Auditor General**

**External Audit of the States of  
Jersey: Invitation to Tender**

12 March 2025

# Contents

Section 1: Introduction and Background	3
Section 2: Specification and scope of work	8
Section 3: Pricing schedule	12
Section 4: Tender timetable	14
Section 5: Evaluation criteria	16
Section 6: Instructions for submitting a response	19
Section 7: Tender Declaration	23
Appendix 1: The Office of the C&AG	25
Appendix 2: The States of Jersey	26
Appendix 3: Questionnaire for completion by Tenderers	38
Appendix 4: Pricing schedule (excluding the uplift to reflect inflation provided for in the draft Contract)	47
Appendix 5: Daily rates for variations to prices contained in Appendix 4 (excluding the uplift to reflect inflation provided for in the draft Contract)	48
Appendix 6: Matters to be included in the proposal	49

**Confidentiality and Privacy:** The Comptroller and Auditor General processes personal information as detailed in the Privacy Policy.

[Privacy Policy | Jersey Audit Office](#)

# Section 1: Introduction and Background

## States of Jersey

1. The States of Jersey (the 'States') comprise ministerial departments (collectively 'the Government of Jersey') and non-ministerial departments responsible for the management of the Island's finances and operation of its public services. Jersey does not sit within the European Union, but the States of Jersey apply the principle of transparent procurement practices in accordance with the Jersey Public Finances Manual.
2. The States employ in the region of 8,100 FTE staff. These are mainly organised into the following departments:
  - Cabinet Office
  - Department for Children, Young People, Education and Skills
  - Department for the Economy
  - Department for Employment, Social Security and Housing
  - Department for External Relations
  - Department for Infrastructure and Environment
  - Department for Justice and Home Affairs
  - Department for Treasury and Exchequer; and
  - Health and Care Jersey.
3. An advisory Risk and Audit Committee acts as an internal assurance body and supports the States of Jersey to fulfil their governance responsibilities, providing oversight of the internal and external audit and risk management functions. Its primary function is to add value within the formal scrutiny arrangements, providing adequate and appropriate assurance to the delivery of Government business. The Committee also provides a source of assurance to the States of Jersey that they will take into account as part of the preparation of the Annual Report and Accounts.
4. The Committee submits an annual report to the Council of Ministers, the Principal Accounting Officer (the Chief Executive), Minister for Treasury and Resources and

the Treasurer about the conclusions and assurances from the work it has carried out over the year. Where the Committee concludes a matter should be escalated, the route of escalation for the Chair of the Committee is to the Chief Executive on matters relating to risk, internal control or governance, and to the Minister for Treasury and Resources and/or the Treasurer on internal and external audit matters. In extreme circumstances the Chair of the Risk and Audit Committee can raise matters independently with the Comptroller and Auditor General or the Chief Minister.

## Comptroller and Auditor General

5. The functions of the Comptroller and Auditor General ('C&AG') derive from the Comptroller and Auditor General (Jersey) Law 2014. The C&AG discharges these functions via the Jersey Audit Office.
6. The C&AG is responsible for:
  - appointing auditors to audit the financial statements of the States and certain other entities. In the case of the States, the C&AG has a duty to ensure that the audit is completed within five months of the end of the financial year; and
  - reporting to the States Assembly on corporate governance, internal control and value for money. The C&AG discharges this responsibility by preparing and issuing a series of public reports each year on a variety of topics.

## Project Background

7. In January 2024, the then new Council of Ministers developed its Common Strategic Policy for 2024-2026. This included 13 priorities that are aligned with the long-term vision set out in the Future Jersey report and the ten Island Outcomes arising from it, as set out in Exhibit 1.

## Exhibit 1: Common Strategic Policy Priorities 2024-2026

Our Priorities	Sustainable Wellbeing	Island Outcomes
Extend nursery and childcare provision	Community Wellbeing	Children
Provide a nutritious school meal for every child in all States primary schools	Community Wellbeing	Children
Increase the provision of lifelong learning and skills development	Community Wellbeing	Children
Start building a new hospital at Overdale	Community Wellbeing	Health and wellbeing
Reduce GP fees	Community Wellbeing	Health and wellbeing
Implement the recommendations from the Violence Against Women and Girls Taskforce report	Community Wellbeing	Safety and security
Transition to a living wage	Economic Wellbeing	Affordable living
Provide more affordable homes for Islanders and more confidence for the rented sector	Economic Wellbeing	Affordable living
Keep Government fees, duties, and charges as low as possible to help Islanders with the cost of living in 2025	Economic Wellbeing	Affordable living
Reduce red tape, enhance opportunities for business and strengthen Jersey's international reputation	Economic Wellbeing	Business environment
	Economic Wellbeing	Jobs and productivity growth
Deliver a plan to revitalise Town	Environmental Wellbeing	Built environment
Reform the planning service to get Jersey building	Environmental Wellbeing	Built environment

Source: Common Strategic Policy 2024 to 2026

8. The Government Budget 2025-2028 was approved in December 2024 and set out income forecasts and approved revenue and capital heads of expenditure for 2025-2028. The Budget sets out the income and expenditure proposals for the next four years. It builds on the Council of Ministers' Common Strategic Policy 2024-2026 and sets out how services will be delivered to support the ongoing well-being of Islanders.
9. The States' financial year ends on 31 December. The Minister for Treasury and Resources has a statutory duty to prepare draft financial statements by 31 March in

the subsequent year. The States prepare financial statements in accordance with the Jersey Financial Reporting Manual (JFReM).

10. The 2024 JFReM was published in February 2025. The accompanying Ministerial Decision Report by the Minister for Treasury and Resources notes there are two proposed updates to the JFReM expected to impact from 2025:
  - Accounting Boundary of the Annual Report and Accounts: From 1 January 2025 the States of Jersey will more closely align with the UK FReM and implement a statistical boundary, based on Eurostat's guidance: Section 20.18 of the European System of Accounts 2010 and Section 1.2.3.1.24 of the Manual on Government Deficit and Debt 2022. Based on analysis conducted, this change will result in the deconsolidation of the three wholly owned companies that are currently consolidated:
    - States of Jersey Development Company (and its subsidiaries)
    - Andium Homes Limited (and its subsidiaries); and
    - Ports of Jersey Limited (and its subsidiaries).

The Annual Report and Accounts from 2025 onwards will therefore only consolidate Core Entities (i.e. Departments and States Funds). The companies which are no longer consolidated will be held at Fair Value through Other Comprehensive Income in line with the Strategic Investments.

- Sustainability Reporting Standards: The UK adopted the Taskforce on Climate-related Financial Disclosure (TCFD) model in 2024, however there has not yet been a formal evaluation of its benefits compared to the effort expended, and its applicability to smaller jurisdictions such as Jersey. The States of Jersey have decided that, until the reporting landscape is more settled, the JFReM will maintain the approach adopted in previous years.

## Background documentation

11. Background documentation can be found in appendices to this Invitation to Tender:
  - the Office of the C&AG (Appendix 1); and
  - the financial statements of the States of Jersey (Appendix 2).

## Key drivers

12. The key drivers for issuing this Tender are:
  - the statutory duty of the C&AG to ensure that an audit of the financial statements of the States is undertaken
  - the need to secure delivery of a high quality audit of the financial statements of the States of Jersey; and
  - the need to ensure the independence of the external auditor of the States of Jersey.

## Legal requirements for working in Jersey

13. Suppliers engaged from outside Jersey whose staff are physically working on Jersey must hold appropriate licences for providing goods or services.
14. The maximum number of days that partners and staff of international professional services firms can work in Jersey before requiring a licence is a total of 30 days in any 12 months.
15. It is the supplier's responsibility to obtain a licence from the Business Licencing Office (see [Apply for a non-resident business licence to work in Jersey](#)).

## Section 2: Specification and scope of work

### Contract period

16. The contract (a draft of which is provided and hereinafter referred to as the 'Contract') covers five years with an option exercisable by the C&AG to extend for one further year. Specifically, the Contract covers the audit of the financial statements of the States for the year ending 31 December 2026 to 31 December 2030 with an option to extend the Contract to the audit of the financial statements of the States for the year ending 31 December 2031.

### Description of services required

17. The services required are an annual external audit of the financial statements of the States undertaken in accordance with ethical, auditing and quality management standards applicable in the United Kingdom currently issued by the Financial Reporting Council (the FRC) and the Code of Audit Practice issued by the C&AG.
18. The audit includes an opinion on regularity in accordance with:
  - the section entitled 'The Audit of Regularity' contained in Practice Note 10 (Revised) Audit of Financial Statements of Public Sector Bodies in the United Kingdom issued by the Public Audit Forum; and
  - the Code of Audit Practice issued by the C&AG.
19. The Code of Audit Practice provides for the C&AG to specify additional work to be undertaken by the auditor of the financial statements of the States of Jersey. The C&AG invites proposals including one piece of additional work each year, namely a narrative report to management:
  - identifying areas of departure from IFRS in the financial statements of the States of Jersey
  - identifying interpretations of IFRS that may be arguable or aggressive; and
  - making recommendations for improvement.



20. The Successful Tenderer is required, for each year of the audit engagement, to submit to the States and the C&AG:
- an audit plan
  - regular progress updates from September prior to the end of the financial year to the conclusion of the audit detailing progress against the audit plan, any new issues arising and any significant problems in delivering the audit plan
  - after the completion of the interim audit (if any), a report detailing the scope and nature of work undertaken, the findings from the work (including any control weaknesses) and their implications (if any) for the audit approach
  - a report, meeting the requirements of ISA 260, to the Risk and Audit Committee and Those Charged with Governance prior to completion of the audit; and
  - an extended independent auditor's report.
21. Tenderers are expected to submit proposals based on completion of the audit by 30 April (following receipt of draft financial statements by mid-February).
22. The timescales for deliverables are set out in Schedule 1 of the draft Contract.
23. The Successful Tenderer will be expected to:
- attend meetings of the Risk and Audit Committee. It is anticipated that there will be five such meetings in the year
  - attend a closure meeting with the Minister for Treasury and Resources prior to the completion of the audit of the financial statements; and
  - annually, if requested by the Public Accounts Committee, attend one meeting of the Committee to present the results of work undertaken.

## Key Performance Indicators

24. The C&AG shall evaluate the performance of the Successful Tenderer by reference to the Audit Quality Framework included in the Code of Audit Practice.

## Contract Management

25. The C&AG shall monitor performance of the Successful Tenderer during the financial year and, if there are areas of significant concern, raise those with the Successful Tenderer promptly.
26. The C&AG shall undertake a formal annual evaluation of performance in accordance with the Audit Quality Framework included in the Code of Audit Practice and meet with the Successful Tenderer no later than 30 September following the completion of the annual audit to discuss the results.

## Payment Schedule

27. Invoices should be submitted as follows:

Milestone	Payable
<b>Audit of Financial Statements</b>	
Issuing finalised audit plan	20% of total annual fee
Issuing finalised report on results of interim audit work (if any)	30% of total annual fee
Issuing Independent Auditor's Report	50% of total annual fee (or 80% if there is no report on the results of interim audit work)
<b>Narrative report on compliance with International Financial Reporting Standards</b>	
Issuing finalised report	100% of total annual fee

## Terms and Conditions

28. The Contract in draft format is attached. Tenderers are invited as part of their Tender submission to identify any changes to the Contract that they would propose.

## SAP Ariba

29. The Government of Jersey has implemented a web-based Procure to Pay system called 'SAP Ariba' to improve the way the States transact with suppliers. The system includes a supplier portal which allows suppliers to easily view purchase orders, acknowledge orders and submit invoices.
30. It is mandatory for suppliers to transact through SAP Ariba if required. The Successful Tenderer shall agree if required to register on SAP Ariba.
31. Further details on SAP Ariba are available at [Onboarding, orders and payment](#).

## Section 3: Pricing schedule

### Tender pricing format

32. Tenderers should submit:
- prices for the work to be undertaken in the format specified in Appendix 4; and
  - daily rates by grade for pricing variations to work in the format specified in Appendix 5.
33. All prices should be quoted inclusive of expenses.
34. Either the Successful Tenderer or the C&AG may propose a variation if the assumptions do not remain valid and such variation, if agreed, shall be priced in accordance with Appendix 5. The relevant assumptions are that:
- the basis of financial reporting for the States remains as stated in this Invitation to Tender
  - there is no significant change to the applicable financial reporting regime
  - there is no significant change to the timing of preparation of the draft financial statements and/or completion of the audit from that specified in this ITT and the draft Contract
  - there are no significant changes to International Standards on Auditing (United Kingdom) or the Ethical Standard issued by the Financial Reporting Council
  - there are no significant changes to the scale or nature of the activities of the States
  - there are no significant changes to the financial systems or relevant service organisations used by the States; and
  - there are no significant changes in the level or nature of internal audit provision described in this Invitation to Tender and that where you plan to place reliance on such work you are able to do so.
35. However, there shall be no variation in the fee specified in Appendix 4 if the cumulative effect of variations agreed would be to increase or reduce the price included in the Tender by 5% or less.

36. The prices specified in Appendices 4 and 5 shall be uplifted for the audit of financial statements for the year ending 31 December 2027 and subsequent years by the increase in the Jersey Retail Prices Index (Y) (Jersey RPI(y)) from 30 September 2026 to the 30 September in the year to which the audit relates.
37. The C&AG will consider any alternative proposals for adjustment of prices in subsequent years made in addition to the completion of Appendices 4 and 5 on the basis specified in this ITT.
38. Please note that any agreement of any additional fees arising from failure of the States in the preparation of financial statements and provision of accurate and timely information and explanations are matters for agreement between the Successful Tenderer and the Treasurer of the States.

## Acceptance period

39. Your Tender shall remain open for acceptance for ninety (90) days from the Tender return date.

## Currency

40. All prices are to be quoted in pounds sterling (GBP).

## Value Added Tax (VAT)

41. As Jersey is not subject to VAT, Tenderers should exclude VAT from any Tender price submitted.

## Section 4: Tender timetable

42. The C&AG is running the Tender to the following timetable:

Activity	Date
Issue Advert, ITT and draft Contract	12 March 2025
Requests for face to face tender briefings with C&AG and States of Jersey submitted	17:00 on 19 March 2025
Individual in person tender briefings between C&AG, States of Jersey and potential Tenderers	31 March 2025 or 1 April 2025
<b>Final submission of tender queries</b>	<b>8 May 2025</b>
Final date for issue of Tender Bulletins	13 May 2025
<b>Tender close</b>	<b>12.00 16 May 2025</b>
Tender evaluation and clarification	Between 16 May and 16 June 2025
<b>Notification of invitation to present</b>	<b>2 June 2025</b>
<b>In person Tenderer presentations / interviews</b>	<b>9 or 10 June 2025</b>
Evaluation process complete and Tenderers notified	17 June 2025
Tender feedback session on request	Afternoon of 23 June 2025
Contract documentation finalised and contracts signed	By 30 June 2025

Activity	Date
Contract start date	1 January 2026
Contract end date	Completion of work in connection with the audit of financial statements for the year ending 31 December 2030 (or 31 December 2031 if the C&AG exercises the option to extend the Contract)

## Section 5: Evaluation criteria

### Selection basis

43. All Tenders submitted will be reviewed in accordance with pre-determined Contract award criteria. The C&AG will not be bound to accept the lowest bid submitted but will award the Contract on the basis of the industry standard 'Most Economically Advantageous Tender' (MEAT). The C&AG does not bind herself to accept any Tender.

### The criteria

44. The criteria against which Tenders shall be evaluated are:
- Pass/Fail criteria
    - Financial capacity including appropriate insurance cover
    - Unresolved declarations of criminal offence or professional misconduct
    - Unresolved conflicts of interest
    - Impact of any changes to the draft Contract proposed by the Tenderer
  - Understanding the requirement (10%)
    - Understanding of public and other not-for-profit audit
    - Understanding the context of Jersey
    - Understanding and demonstrating how this contract can contribute to better Island Outcomes
  - Operational capacity (15%)
    - Organisation and administration
    - Range of skills, including in relation to IFRS



- Quality and experience (20%)
  - Quality of the bidding organisation
  - Quality of the key personnel proposed for the Contract
  - Specialist skills proposed for the engagement
  - Arrangements for securing continuity of staff, especially key staff
  - Experience of delivery of similar work
- Proposed approach (15%)
  - Audit approach, including application of the concept of materiality
  - Arrangements for managing threats to independence and securing confidentiality of information, especially in relation to Jersey-based staff
  - Arrangements for managing the relationship with auditors of consolidated subsidiaries
  - Arrangements for reporting of the results of audit work
  - Identification of significant risks and areas of audit focus
  - Identification of an appropriate audit response
- Engagement (10%)
  - Effectiveness of engagement with the C&AG, management, the Risk and Audit Committee and Those Charged with Governance
  - Effective engagement with the C&AG, management, the Risk and Audit Committee and Those Charged with Governance on improving the audit process
- Price (30%)
  - The scoring for price will be determined as follows: the lowest priced tender will receive full marks. The score awarded to other tenderers will be based on the relativity of their price to the lowest priced tender.

45. Following evaluation of Tender submissions, Tenderers will be selected to attend presentations/ interviews. The final evaluation of Tender submissions shall take into account both the Tender submissions and the presentations/ interviews.

## Feedback

46. Feedback will be provided for unsuccessful Tenderers once the process has been completed and Contracts exchanged. Tender prices submitted will not be provided as a comparison.

# Section 6: Instructions for submitting a response

## Tender return date

47. Tenders should be submitted no later than **12:00 on 16 May 2025** via [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je).

## Documented to be submitted

48. The following documents must be submitted **as separate documents**:
- signed Tender Declaration in the form detailed in Section 7 below
  - the questionnaire contained in Appendix 3. If more than one entity is involved in the proposed provision of services, the Appendix must be completed for each entity
  - pricing schedules in the format specified in Appendices 4 and 5; and
  - a proposal detailing the matters specified in Appendix 6.

## Tender briefings

49. Potential Tenderers have the opportunity to meet representatives of the C&AG and the States of Jersey face to face to pose questions relevant to the Tender. This opportunity may also be used to demonstrate relevant audit tools.
50. If you wish to avail yourself of this opportunity please indicate that you wish to do so by contacting [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je), as soon as possible and in any event no later than **17:00 on 19 March 2025**.
51. The C&AG plans to hold the tender briefings on 31 March 2025 and 1 April 2025. In your response, please indicate if you have a preferred date.

## Tender queries

52. Prior to **17:00 on 8 May 2025**, please submit any questions or requests for clarification. Each request will be responded to as quickly as is possible; in any case a summary of all questions and the responses to them will be shared by 13 May 2025.

## Completion of tenders

53. Tenders must be submitted in accordance with these instructions and the other documents in the Invitation to Tender, together with all other information required to sufficiently describe the Tender fully, no later than **12:00 on 16 May 2025**. Completed Tenders shall be submitted electronically via [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je).
54. The C&AG may reject Tenders not submitted in accordance with these instructions.

## Language

55. All Tenders should be in the English language.

## Amended or qualified tenders

56. No alterations or qualifications to any of the Invitation to Tender documents shall be made except as detailed in this Invitation to Tender or with the prior written agreement of the C&AG.

## Tender Bulletins

57. The C&AG reserves the right to issue Tender Bulletins detailing changes to the Invitation to Tender at any time after the issue and up to **13 May 2025**. These changes should be taken into account by Tenderers when preparing their submissions.

## Tenderers' Expenses

58. Tenderers shall bear all their own costs and expenses incurred in the preparation and submission of a Tender.

## Obligations of the agreement

59. Tenderers must ensure that they are fully familiar with the nature and extent of the obligations of the draft Contract and be aware that the Contract will be strictly supervised and the standard of the performance enforced. The Tenderer will be deemed to have read and examined the draft Contract and the terms and conditions contained therein prior to the submission of the Tender. It is the responsibility of the Tenderer to obtain for itself at its own expense all information necessary for the preparation of its Tender.

## Sufficiency and accuracy of the Tender

60. Tenderers are cautioned to check the accuracy of their Tender prior to submission. A Tender containing any clerical errors may, at the sole discretion of the C&AG, be referred back to the Tenderer for correction.
61. Tenderers should familiarise themselves with all laws, regulations and other factors that may affect the Tender.

## Late receipt of Tender

62. Tenders received after the date for receipt of Tenders set out in the Invitation to Tender, or not strictly in accordance with these instructions may, at the sole discretion of the C&AG, be disregarded.

## Confidentiality

63. Tenderers shall treat the Invitation to Tender documents as confidential and restrict their circulation and distribution to a 'need to know' basis. Tenderers shall not disclose their Tender in whole or in part to any third party prior to either the award of Contract by the C&AG, or receipt of notification that the Tender has not been accepted (in accordance with the non-disclosure agreement submitted).

## Contract award

64. The C&AG reserves the right to discuss confidentially any aspects of your Tender with you prior to any award of Contract.

## Section 7: Tender Declaration

65. Tenderers shall submit a Tender Declaration in the following terms:

*We accept the provisions of the Invitation to Tender and offer to provide services in accordance with the prices, terms and conditions stated herein.*

*We understand that the C&AG will disregard any oral agreement or arrangement made by us. We have been cautious to check our Tender before submission, as amendments to or withdrawals of Tender submitted, if received by the C&AG after the time specified for receipt of Tender, may not be considered.*

*We undertake, and it shall be a condition of any Contract, that the following is a 'bona-fide' Tender, intended to be competitive and that we have not fixed or adjusted the amount of the Tender by or under or in accordance with any other person. We also certify that we have not done and we undertake that we will not do any of the following:*

- communicate to any person other than the person calling for these Tenders the rates or approximate rates in the proposed Tender;*
- enter into an agreement or arrangement with any other person that the other person shall refrain from tendering or as to the amount of any Tender to be submitted; and*
- offer to pay or give or to receive, or agree to pay or give or receive, any sum of money or consideration directly or indirectly to or from any person for doing or having done or causing or having caused to be done in relation to this or any other Tender or proposed Tender for the said goods or services any act or thing of the sort described above. In this context "person" includes any person and any body or association, corporation or incorporate and "any agreement or arrangement" includes any such transaction formal or informal whether legally binding or not.*

*We understand that no variations in, or acceptance of any Invitation to Tender, or Tender shall be binding unless agreed in writing.*

*This Tender shall remain open for acceptance for a period of ninety (90) days from the final date for the submission of Tenders.*

*We also confirm that we have not allowed any amount in our Tender for Value Added Tax.*

*Unless and until a formal agreement is executed this Tender, together with your written acceptance thereof, shall constitute a binding agreement between us.*

*We undertake that any of our employees, agents or servants providing the services under this Contract, where so required by the C&AG, will enter into and abide by a Confidentiality Agreement to be in a form acceptable to the C&AG.*

*We understand and it is agreed that the C&AG shall retain the right to reject any and all Tenders, in whole or in part and it is furthermore agreed that the C&AG shall be under no obligation to select the lowest or any other Tender.*

*We understand that the C&AG reserves the right to alter or cancel any requirement stated in the Contract at any time during the period of the Contract.*

*We have taken all necessary steps to inform ourselves regarding this requirement and we understand and agree that the C&AG shall not be liable for any inaccuracy or insufficiency in the information available to us in connection with this Tender.*

*Dated:*

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*Signed:*

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*Name (Capitals):*

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*Title:*

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*On behalf of:*

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*Address:*

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# Appendix 1: The Office of the C&AG

The powers and duties of the C&AG derive from the Comptroller and Auditor General (Jersey) Law 2014. [Comptroller and Auditor General \(Jersey\) Law 2014](#)

The functions of the C&AG and how they have been discharged through the Jersey Audit Office are summarised in their Annual Report and Accounts. [Annual Report and Accounts | Jersey Audit Office](#)

Individual reports of the C&AG are available on the Jersey Audit Office website. [Our Work Archive | Jersey Audit Office](#)

Article 18 of the Law requires the C&AG to prepare and publish a statement of the manner in which they intend to discharge their functions. The C&AG has issued a Code of Audit Practice in discharge of her responsibilities under Article 18. [Code of Audit Practice | Jersey Audit Office](#)

## Appendix 2: The States of Jersey

Area	Current arrangements	Planned/proposed changes
<b>Financial reporting framework</b>		
Statutory requirements	<p>The consolidated accounts are prepared in accordance with the applicable year’s States of Jersey Financial Reporting Manual (JFRoM) issued by the Minister for Treasury and Resources to meet the requirements of the Public Finances (Jersey) Law 2019. The accounting policies contained in the JFRoM apply UK adopted International Financial Reporting Standards (IFRS) as adapted or interpreted for the Public Sector in Jersey.</p> <p>The JFRoM for a given year (including comparators) is based on the UK Financial Reporting Manual (FRoM) for the UK financial year ending 31 March of that same year prepared by HM Treasury following consultation with the Financial Reporting Advisory Board (FRAB).</p>	Changes occur on an annual basis as the JFRoM is issued on an annual basis.
Interpretations of or adaptations of IFRS	<p>Key adaptations are:</p> <p><i>Accounting Consolidation Boundary</i></p> <p>The JFRoM currently provides that four material entities that fall within the accounting boundary, will be held at Fair Value through OCI rather than being consolidated.</p> <p><i>IFRS 17, Insurance contracts</i></p>	<p><i>Accounting Consolidation Boundary</i></p> <p>The UK FRoM assesses consolidation via a Statistical Framework assessed by the ONS. The</p>

Area	Current arrangements	Planned/proposed changes
	<p>The implementation date for IFRS 17, Insurance contracts is 1 January 2023. HM Treasury and the Financial Reporting Advisory Board have agreed implementation of IFRS 17 in the UK public sector from the 2025/26 financial year. Therefore this will be applicable within the JFReM 2026.</p> <p>Key adaptations are set out within the JFReM, which is publicly available.</p>	<p>JFReM is expected to be updated to be consistent with the UK FReM and a Statistical Boundary will be used, which will result in deconsolidation of these entities as well as the currently consolidated entities.</p> <p><i>IFRS 17, Insurance contracts</i></p> <p>Given IFRS 17 is applicable to entities which provide insurance to other entities, States of Jersey do not provide this service, therefore it is expected that IFRS 17 will have little to no impact on the Financial Statements.</p>
New standards where implementation is delayed beyond	See IFRS 17 above.	

Area	Current arrangements	Planned/proposed changes
implementation date		
Significant additional reporting requirements in addition to those required by IFRS	We are provided with a report on compliance with IFRS.	
<b>In-year financial reporting</b>		
Dates of in-year hard closes	<p>Hard Close: As at 30 September per annum</p> <p>Hard Close Information Available: circa 14 working days after close</p> <p>Current Scope of Audit:</p> <ul style="list-style-type: none"> <li>• Samples &amp; Testing of revenue and expenses accounts at the end of October / November</li> <li>• Walkthroughs completed in September / October</li> </ul>	

Area	Current arrangements	Planned/proposed changes
Output from hard closes	SoJ: A Trial Balance of position and notes to the financial statements drafting. Auditor: Report on Audit Progress is provided to Risk and Audit Committee.	
Exclusions from hard closes	Annual Report is excluded and will only be prepared at year end. It does not cover external valuations of Property, Plant and Equipment; Investments; Pension Fund Liabilities; Inventory or Provisions. Common Investment Funds (CIF) valuations will either be previous month or excluded entirely subject to discussion with auditors.	
<b>Year-end financial reporting</b>		
Timetable for agreement of accounting policies and estimation techniques	To be finalised by the end of October each year.	Timetable may change dependent on auditor reviews on the implementation of new accounting standards.
Timetable for preparation of template financial statements	We do not complete template financial statements currently, but happy to discuss this if preferred.	

Area	Current arrangements	Planned/proposed changes
Timetable for preparation of draft financial statements	<p>January:</p> <ul style="list-style-type: none"> <li>Reporting due from Departments and Funds.</li> <li>Produce a V.1 TB for the end of January.</li> </ul> <p>February:</p> <ul style="list-style-type: none"> <li>Produce Notes to the Financial Statements from V.1 TB (Mid-Feb)</li> <li>Produce Financial Statements from V.1 TB (Mid-Feb)</li> <li>Mid-Feb to input Strategic Investment Valuations, including any other adjustments and produce V.2 TB.</li> <li>Produce V.2 Financial Statements and Notes to the Financial Statements.</li> </ul>	
Timetable for preparation of draft annual report	<p>January:</p> <ul style="list-style-type: none"> <li>Department Reports are produced</li> <li>Remuneration Report data produced</li> <li>Governance Report completed</li> </ul> <p>February:</p> <ul style="list-style-type: none"> <li>Performance Report Produced</li> <li>Accountability Report Produced</li> </ul>	

Area	Current arrangements	Planned/proposed changes
	March: <ul style="list-style-type: none"> <li>Information is ready for Audit</li> </ul>	
<b>Internal audit</b>		
Total number of days per year split between in-house and bought-in	2025 - In house capacity (days): 582 2025 Contractors' planned days (excluding investigations): 567  2024 - In house capacity (days): 690 2024 Contractors' planned days (excluding investigations): 440	
Total number of reports a year	Number of reports issued in 2024: 17  This does not include follow up audit work which is undertaken. In 2024 significant resources were allocated to follow up audits on key systems and controls.	
Key financial systems subject to internal audit review	All States of Jersey systems are within the scope of Internal Audit. This extends to the Police and Non-Ministerial Departments.  Internal Audit provides assurance on key systems and controls.	

Area	Current arrangements	Planned/proposed changes
<b>Financial systems</b>		
Key financial systems used	<p>Treasury:</p> <ul style="list-style-type: none"> <li>• S4HANA Version 2023 SP01 - Upgrade 2026</li> <li>• Financial Reporting SAC Version 2024.21.17 SAAS</li> <li>• Supply Jersey Replaced by Ariba</li> <li>• Ariba Release Version 2502 Cloud Based SAAS Quarterly Releases</li> <li>• VIM Open text 02023_001 - upgrade 2026</li> <li>• Bank Reconciliations: Blackline (7.44.2.r49)</li> <li>• ICAR (17.10.0.2)</li> </ul> <p>Employment Social Security &amp; Housing:</p> <ul style="list-style-type: none"> <li>• NESSIE Version 4</li> <li>• NAV Version 14</li> </ul> <p>Income Tax</p> <ul style="list-style-type: none"> <li>• RMS Version 2</li> </ul> <p>Jersey Customs and Immigration Service</p> <ul style="list-style-type: none"> <li>• Caesar Version 2</li> </ul>	



Area	Current arrangements	Planned/proposed changes
	People Services: <ul style="list-style-type: none"> <li>• Resource Link (RA01R33A / 33.1.0.4)</li> <li>▪ Cyborg (Version 5.1.3)</li> </ul>	
Migration of financial systems anticipated	NESSIE Version 4 & NAV Version 14 are expected to be migrated in the next 2 - 3 years Resource Link is also being investigated for migration, but the business case has not been submitted yet	
<b>Estimation and use of experts</b>		
Description and estimated value of key estimates in the financial statements	<p>Please note this is the Group as is at 31 Dec 2023.</p> <p><b>PPE</b> ~£4.6bn: the portfolio of assets largely comprises infrastructure assets of roads, drainage and sea defences, social housing and land and buildings.</p> <p><b>Common Investment Fund (CIF)</b>~£3.5bn: diversified portfolio of investments across level 1,2 and 3 including some more esoteric structures, PE, hedge funds etc at the level 3 end</p> <p>Valuation of pooled investments at level 3 are based on the latest manager valuation reports adjusted for any capital calls and distributions since the valuation report.</p> <p><b>Strategic Investment Valuations</b> ~£307m: valuation of the utility companies where Government of Jersey owns all or the majority of shares but they are currently outside of the group boundary on the basis of control. See page 248 of 2023 Accounts. The valuation of Strategic Investments is supervised by the Director of Treasury and</p>	

Area	Current arrangements	Planned/proposed changes
	<p>Investment Management including the selection of appropriate comparable companies in similar sectors and the calculation of the income multiples. The valuation for Jersey Post International Ltd, JT Global Ltd and Jersey New Waterworks Ltd is based on a "market pricing" approach using the comparable companies' technique. The valuation of Jersey Electricity plc is based on the quoted share price.</p> <p><b>Income Tax accrual</b> ~£680m Estimate of personal tax liability owed to the Government of Jersey based on Revenue Jersey data, economic inputs and assumptions (Fiscal Policy Panel) and judgement (Income Forecasting Group).</p> <p>All personal income tax receivable for the year is recognised based on statistical estimation of forecast tax income for the year adjusted in subsequent years for any under or overstatement should actual outcomes differ from the estimates used.</p>	
<p>Experts engaged to support management in developing accounting estimates</p>	<p><b>PPE</b> -<i>Land and buildings and infrastructure</i> are valued by the Valuation Office Agency every 5 years and an interim valuation in the 3<sup>rd</sup> year. In the interim years relevant indexation is applied.</p> <p><i>Infrastructure</i> - a desktop valuation is carried out annually.</p> <p><i>Social Housing</i> - is valued annually by Jones Lang LaSalle.</p> <p><b>CIF</b> - The CIF is managed by Northern Trust (NT), which provides monthly reports to Treasury. The Treasury Advisory Panel, appointed by the Minister and supported by Aon, sets strategy and monitors performance. Treasury conducts annual reviews of valuations and controls, with extra scrutiny on L3 assets. L1 assets are assessed monthly by NT within</p>	

Area	Current arrangements	Planned/proposed changes
	<p>a 30bps tolerance compared to manager valuations. Aon's Due Diligence team vets new managers, appointing only those who pass their review.</p> <p><b>Pension Debts</b> - AON are the actuary supported by investment advisors, Mercer.</p> <p><b>Income Tax accrual</b> - Economic assumptions from the Fiscal Policy Panel and oversight from the Income Forecasting Group which includes external members.</p>	
<p>Service Organisations (i.e. external organisations that execute transactions and/or record and/or process transaction-related data)</p>	<p>There are no service organisations engaged by States of Jersey.</p>	
<p><b>Group entities</b></p>		
<p>Group entities consolidated in the financial statements</p>	<p>As mentioned, the report will be completed on the Core Entities as defined in Note 4.25 of the Annual Accounts and Report 2023.</p> <p>These are all reported as on a single basis.</p>	

Area	Current arrangements					Planned/proposed changes
Group entities not consolidated in the financial statements as a result of departure from IFRS	<b>Names</b>	<b>Turnover £'000</b>	<b>Net Assets £'000</b>	<b>Reporting basis</b>	<b>Year- End</b>	
	Andium Homes Limited	61,848	865,443	FRS 102	31-Dec-23	
	States Of Jersey Development Company	13,848	85,018	IFRS	31-Dec-23	
	Ports of Jersey Limited	50,538	170,929	FRS 102	31-Dec-23	
	Jersey Electricity PLC	125,078	241,544	IFRS	30-Sep-23	
	JT Group Limited	148,801	208,114	IFRS	31-Dec-23	
	Jersey Waterworks Company Limited	19,397	64,764	FRS 102	30-Sep-23	
	Jersey Post International Limited	83,415	15,044	FRS 102	31-Dec-23	

Area	Current arrangements					Planned/proposed changes
Group entities not consolidated on grounds of materiality		<b>Turnover</b>	<b>Net Assets</b>	<b>Reporting basis</b>	<b>Year-End</b>	
	Government of Jersey London Office	1,854,833	0	FRS 102 - 1A	31-Dec-23	
	Digital Jersey Limited	3,732,000	936,000	FRS 102 - 1A	31-Dec-23	
	Jersey Business limited	1,929,688	519,881	FRS 102 - 1A	31-Dec-23	
	Visit Jersey Limited	5,891,235	852,567	FRS 102 - 1A	31-Dec-23	
	Jersey Legal Information Board (JLIB)	266,155	827,336	FRS 102 - 1A	31-Dec-23	
	Bureau des Iles Anglo-Normandes (BIAN)	41,997	6,749	French GAAP	31-Dec-23	
	Channel Islands Brussels Office	849,617	476,377	Belgium GAAP	31-Dec-23	

## Appendix 3: Questionnaire for completion by Tenderers

No.	Question	Answer	Document(s) to be included
<b>1.</b>	<b>Firm Information</b>		
1.1.	Firm trading name		
1.2.	Correspondence address (including postcode)		
1.3.	Registered office address (if different to 1.2)		
1.4.	Name(s) of key contact(s) proposed for the Contract		
1.5.	Contact telephone number(s)		

No.	Question	Answer	Document(s) to be included			
1.6.	Contact email address(es)					
1.7.	Date established					
1.8.	Firm website address					
1.9.	Type of organisation (e.g. Partnership, LLP)					
<b>2.</b>	<b>Firm Profile, Accreditation and Insurance</b>					
2.1.	Please supply details of your firm's current insurance arrangements	Description	Value (£)	Start Date	Expiry Date	
		Employer's Indemnity				
		Public Liability				
		Professional Indemnity				
2.2.	Please supply supporting evidence of	<Attach document(s)>			x	

No.	Question	Answer	Document(s) to be included
	professional indemnity insurance cover		
2.3.	Please provide name(s) of professional body/bodies by which your firm is regulated		
2.4.	Does your firm have ISO9000 accreditation?	<Yes / No> <If yes please attach certificate>	x
2.5.	Does your firm hold Cyber Essential Security accreditation, or alternative accreditation such as ISO 27001?	<Yes / No> <If yes please provide evidence>	x
<b>3.</b>	<b>Declarations and Conflicts of Interest</b>		
3.1.	Have any of your Partners, Directors or other senior staff of your firm ever been found guilty of any criminal offence relating to the	<Yes / No delete as appropriate>  <If yes please provide details>	



No.	Question	Answer	Document(s) to be included
	conduct of your organisation, or of any professional misconduct, or are there any cases currently outstanding?		
3.2.	Has any Partner of your firm or equivalent been subject to bankruptcy, insolvency or receivership proceedings?	<Yes / No delete as appropriate>  <If yes please provide details>	
3.3.	Does any Partner of your firm or equivalent have links to firms that may also be submitting a response to this ITT?	<Yes / No delete as appropriate>  <If yes please provide details>	
3.4.	Can you confirm that your Firm is independent in accordance with the Ethical Standard issued	<Yes / No delete as appropriate>  <If no please provide details>	

No.	Question	Answer	Document(s) to be included			
	by the Financial Reporting Council?					
3.5.	Can your organisation confirm that it is working in accordance with Control of Housing and Work (Jersey) Law 2012 if applicable?	<p>&lt;Yes / No delete as appropriate. If yes please supply registration number&gt;</p> <p>&lt;Non Jersey suppliers will need to familiarise themselves with the requirements and apply for a licence if appropriate&gt;</p>				
<b>4.</b>	<b>Financial Status and Legitimacy</b>					
4.1.	Please complete the table detailing the most recent 3 years of trading	Year	Period (MM-YY)	Turnover (£)		
			From			To
		1				
		2				
3						
4.2.	A copy of firm records for the last complete financial year may be requested. Can this	<Yes / No> delete as appropriate				

No.	Question	Answer	Document(s) to be included
	information be supplied if requested?		
4.3.	Please confirm that your organisation's tax payments are up to date (evidence in the form of tax certificate to authenticate may be requested)	<Jersey registered firms only>	
4.4.	Please confirm that your organisation's Social Security payments are up to date (evidence in the form of a certificate to authenticate may be requested)	<Jersey registered firms only>	
<b>5.</b>	<b>Health and Safety</b>		
5.1.	Has your organisation ever been prosecuted under the Health and Safety at Work (Jersey)	<p>&lt;Yes / No delete as appropriate&gt;</p> <p>&lt;If yes please provide details and details of corrective action&gt;</p>	

No.	Question	Answer	Document(s) to be included
	Law 1989 / Health and Safety at Work Act 1974 or been served with an Improvement or Prohibition Notice? If so, please provide details of the corrective action taken.		
5.2.	Please provide a copy of your current Health & Safety statement / policy		x
5.3.	If your organisation employs a designated Health & Safety Officer please provide details	<Please supply name and contact information>	
<b>6.</b>	<b>Environmental Management</b>		
6.1.	Does your firm have an environmental management policy?	<Yes / No> <If yes please supply policy>	

No.	Question	Answer	Document(s) to be included
<b>7.</b>	<b>References</b>		
7.1.	Please provide names and contact details of two organisations to which your firm has provided similar audit services in the last two years and a description of the services provided.		
<b>8.</b>	<b>Audit Regulation</b>		
8.1.	Please provide a copy of your most recent public report from the UK Financial Reporting Council or equivalent national regulator.		x
8.2.	What action has your firm taken in response to the most recent public report from the UK Financial Reporting		

No.	Question	Answer	Document(s) to be included
	Council or equivalent national regulator?		
<b>9.</b>	<b>Other</b>		
8.1.	Please provide a copy of your complaints procedure.		x
8.2.	Please provide a copy of your equal opportunities policy (or equivalent).		x

## Appendix 4: Pricing schedule (excluding the uplift to reflect inflation provided for in the draft Contract)

Year ending	Fee (£)
31 December 2026	
31 December 2027	
31 December 2027	
31 December 2029	
31 December 2030	
31 December 2031 (if option to extend exercised by the C&AG)	

## Appendix 5: Daily rates for variations to prices contained in Appendix 4 (excluding the uplift to reflect inflation provided for in the draft Contract)

Role	Daily rate (£)
Partner	
Director	
Senior Manager	
Manager	
Other qualified staff (holding full professional membership of a CCAB body or equivalent)	
Other professional staff	



# Appendix 6: Matters to be included in the proposal

1. Understanding the requirement
  - a. details of current public and other not-for-profit audit work undertaken
  - b. description of key differences between Jersey and the United Kingdom relevant to the audit engagement and how these would affect your approach
  - c. demonstrate how this contract can contribute to better Island Outcomes
2. Operational capacity
  - a. details of current resources for public and other not-for-profit audit services and how they are organised
  - b. details of specialist capacity and how it is organised, with an indication of which specialist skills would be relevant to the audit of the States, including knowledge of IFRS
3. Quality and experience
  - a. details of the arrangements for securing quality within your audit firm, including details of the criteria for appointing Engagement Quality Control Reviewers
  - b. details of the matters raised in the most recent report of the Financial Reporting Council on your firm and the steps you are taking to respond to the issues raised
  - c. one page curricula vitae for the proposed Audit Partner(s)/Director(s), Engagement Quality Control Reviewer(s) and next in command on the audit engagements and details of their proposed roles and time commitment to the audit
  - d. details of specialist resources proposed to be used on the engagement
  - e. arrangements for securing continuity of staff, especially key staff

- f. details of the split of the proposed team between those based on Jersey and those based elsewhere
- g. examples of similar recent audit work, highlighting the challenges faced and how the firm addressed them

#### 4. Proposed approach

- a. an outline of the proposed audit approach, including the application of the concept of materiality
- b. details of arrangements for managing threats to independence and securing confidentiality of information, particularly in relation to any Jersey-based staff
- c. an outline of the proposed approach to reporting, including an example of an extended independent auditor's report for a not-for-profit entity
- d. for the audit of the States' financial statements for the year ending 31 December 2026, identification of the significant audit risks and other areas of audit focus and the proposed audit strategy

#### 5. Engagement

- a. proposed arrangements for on-Island working with management, the C&AG, the Risk and Audit Committee, the Chair of the Risk and Audit Committee and Those Charged with Governance
- b. details of proposed arrangements for management of the relationship with the C&AG, management, the Risk and Audit Committee, the Chair of the Risk and Audit Committee and Those Charged with Governance, including arrangements for management of any complaints
- c. details of proposed engagement with the C&AG, management, the Risk and Audit Committee, the Chair of the Risk and Audit Committee and Those Charged with Governance on improving the audit process, including relevant examples
- d. details of proposed engagement with the C&AG, management, the Risk and Audit Committee, the Chair of the Risk and Audit Committee and Those Charged with Governance on accelerating external financial reporting, including relevant examples

6. Any Changes to the Draft Contract Proposed

- a. details of any changes to the draft Contract proposed by the Tenderer

7. Price

- a. assumptions on expenses used in proposing prices and rates
- b. details of any alternative proposal for uplifts in prices and rates in subsequent years other than the indexation detailed in this ITT



JERSEY AUDIT OFFICE

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