JERSEY AUDIT OFFICE

Code of Audit Practice Consultation

14 September 2026

The purpose of the Comptroller and Auditor General (C&AG), fulfilled through the Jersey Audit Office (JAO), 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. The C&AG's remit includes the audit of financial statements and wider consideration of public funds, including internal financial control, value for money and corporate governance.

This consultation paper can be found on the Jersey Audit Office website at https://www.jerseyauditoffice.je/

If you need a version of this consultation paper in an alternative format for accessibility reasons, or any of the exhibits in a different format, please contact enquiries@jerseyauditoffice.je with details of your request.

Consultation Paper by the Comptroller and Auditor General: September 2026

This consultation paper has been prepared in accordance with Article 18 of the Comptroller and Auditor General (Jersey) Law 2014

Contents

Foreword

As Comptroller and Auditor General (C&AG) and head of the Jersey Audit Office (JAO) I am committed to providing 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. Delivering that assurance requires the framework for public audit to be comprehensive and robust and to follow best practice. The Code of Audit Practice ('the Code') is a key element of Jersey's framework for public audit. The current version of the Code was published in December 2023 following a wide-ranging consultation. I noted in my foreword to that Code that, as required by Article 18 of the Comptroller and Auditor General (Jersey) Law ('the 2014 Law'), I would continue to review and revise the Code as necessary.

During 2026 I reviewed the Code against updates that have been made to relevant laws, requirements and standards. These included:

- principles and standards issued by the International Organization for Supreme Audit Institutions (INTOSAI)
- auditing, quality management and ethical standards issued by the UK's Financial Reporting Council (FRC)
- Statement of Recommended Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) (Practice Note 10) published by the Public Audit Forum
- the update to the 2014 Law approved by the States Assembly in March 2026 that will come into force by an Order issued by the Chief Minister; and
- new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise.

While my review identified significant levels of compliance, I also identified areas where the Code could be strengthened. I am, therefore, proposing to make relevant changes to the Code.

My review also identified areas where the Code could usefully provide greater clarity on how the JAO operates in practice and adopts principles of proportionality and materiality when undertaking its work. I am, therefore, proposing to provide additional clarity in certain areas of the Code.

Although the 2014 Law does not require me to consult before revising the Code, I believe that there is great value in taking on board in a structured way the views of public bodies, the auditors I appoint, other stakeholders and the public of Jersey. I am therefore today launching a formal consultation on a draft revised Code. My intention is to issue a revised Code in December 2026 to come into effect for the audit of financial statements for the year ended 31 December 2026 and in all other respects from 1 January 2027.

This consultation document comprises:

- Part A – a summary of proposed changes to the Code of Audit Practice; and
- Part B - the arrangements for responding to the consultation.

It is accompanied by the draft revised Code.

The consultation closes on **6 November 2026** and I encourage all interested parties to respond. I shall consider carefully the responses to the consultation before finalising the revised Code and determining next steps.

Lynn Pamment CBE
Comptroller and Auditor General

14 September 2026

Part A: Summary of proposed changes to the Code of Audit Practice

Introduction

1. The draft revised Code retains the overall structure of both the 2023 and 2020 Codes with sections covering:
    - general principles applying to public audit in Jersey
    - the main components of public audit; and
    - matters that apply more generally to the work of the C&AG and the auditors I appoint.
2. It also retains the overall style:
    - summarising relevant responsibilities; and
    - explaining how the C&AG and auditors appointed by the C&AG shall discharge their responsibilities.
3. The draft revised Code is strengthened by a series of amendments to bring it in line with the most recently published standards as set out in:
    - principles and standards for the operation of Supreme Audit Institutions issued by INTOSAI
    - auditing, quality management and ethical standards issued by the UK's FRC
    - the International Code of Ethics for Professional Accountants (published by The International Ethics Standards Board for Accountants) as adapted by professional accountancy bodies such as the Institute of Chartered

Accountants in England and Wales and the Chartered Institute of Public Finance Accountants; and

- Statement of Recommended Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) published by the Public Audit Forum (Practice Note 10).

4. The Code has also been updated to reflect:

- the update to the 2014 Law approved by the States Assembly in March 2026
- new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise; and
- greater clarity on how the JAO applies the principles of proportionality and materiality in practice as well as other changes to clarify current practices adopted by the JAO.

Consultation questions

Q1. Do you agree with the overall structure and style of the Code? If not, what changes would you propose?

Q2. Are there any other principles, standards and recognised best practice that the Code should incorporate? If so, please explain your reasoning.

Updates to relevant professional standards

Principles and standards issued by INTOSAI

5. International Standard of Supreme Audit Institutions (ISSAI) 140: Quality Management for SAIs was revised with effect from 1 January 2025.

6. Appendix 4 of the Code has been updated to reflect the issue of ISSAI 140 Revised. It updates the Audit Quality Framework (Appendix 3 of the 2023 Code) to comment more comprehensively on the System of Quality Management operated by the JAO. In doing so, more information is provided on:

- quality objectives
- risks
- organisation arrangements for quality control; and
- reporting.

7. Appendix 4 introduces a new requirement for the C&AG to evaluate and conclude on the system of quality management on an annual basis. Their evaluation and conclusion shall be included within their Annual Report or in a separate Audit Quality Transparency Report.

Practice Note 10 issued by the Public Audit Forum

8. Practice Note 10 issued by the Public Audit Forum was revised in 2024. The Code has been updated to refer to the revised Practice Note. This has not resulted in any changes to specific Code requirements.

Revised Ethical Standard 2024 issued by the FRC

9. The FRC issued a revised Ethical Standard in 2024. The Code has been updated to refer to the revised Ethical Standard. This has not resulted in any changes to specific Code requirements.

Consultation question

Q3. Do you agree with the changes proposed to reflect updates to relevant professional standards applicable to the JAO? If not, please explain your reasoning.

2014 Law update

10. In March 2026 the States Assembly approved certain updates to the 2014 Law. Where relevant, the Code has been updated to reflect these changes. In particular Section 2: General Principles – now reflects the update to the 2014 Law that requires the Chief Minister and the Chair of the Public Accounts Committee to take into account the views and recommendations of the Jersey Audit Office Board of Governance and the Jersey Appointments Commission before recommending to the States the appointment of a person to the office of C&AG.

Consultation questions

Q4. Do you agree with the changes proposed to reflect the update to the 2014 Law? If not, please explain your reasoning.

Q5. Are there other areas where you consider that the Code should be amended to reflect the update to the 2014 Law? Please explain your reasoning.

New requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise

11. During 2026 new requirements have been placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise. A list of these entities is provided in an updated Appendix 3 to the Code.

12. These new requirements have been reflected in the Code in the following areas:

- Section 1: Introduction – Exhibit 1 has been updated
- Section 2: General Principles – the new requirements have been set out in this Section
- Section 3: Work on the financial statements – the new requirements and how they will operate in practice have been added to this Section; and
- Appendix 3 – contains a list of the entities subject to the new requirements.

Consultation questions

Q6. Do you agree with the changes proposed to reflect the new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise? If not, please explain your reasoning.

Q7. Are there other areas where you consider that the Code should be amended to reflect the new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise? Please explain your reasoning.

Areas of greater clarity in current practice

13. The Code has been updated to provide greater clarity in certain areas of the principles and practices adopted by JAO in undertaking our work. In particular:

- Section 2 has been updated to reflect specifically that we communicate with stakeholders in all aspects of our work and that in doing so we ensure that such communications do not compromise the independence and impartiality of the JAO

- the principle of **proportionality** requires that a measure taken by a public authority must be no more than is necessary to achieve a legitimate aim and must strike a fair balance between the public interest and the rights or interests of the individual or entity. The principle of proportionality is embedded throughout the Code and is reflected in specific updates in Sections 2 and 4

- **materiality** is the relative importance (or significance) of a matter within its context. As well as monetary value, it also includes social and political significance, compliance, transparency, governance and accountability. The inherent characteristics of an item may make it material. Alternatively, a matter might be material because of the context in which it occurs. Materiality affects decisions concerning the nature, timing and extent of audit procedures and the evaluation of audit results. In determining whether a matter is material considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society. Additional wording has been added to Section 4 to reflect the concept of materiality in respect of work on corporate governance, internal control and economy, efficiency and effectiveness

- Section 4 has been updated to confirm that:

    - in determining what work to include in their plan the C&AG shall have regard to applicable professional standards, in particular INTOSAI principles and standards

    - the C&AG shall demonstrate a willingness to innovate in the approaches being adopted

    - the C&AG shall consult on, and specify clearly, the objectives and scope of their work, including the audit criteria to be adopted in the work

    - the C&AG shall apply professional scepticism and due care in undertaking the work, considering issues from different perspectives and maintaining an open and objective attitude to various views and arguments

    - in reporting the results of work undertaken the C&AG shall specify the professional standards that have been followed in the work that has been undertaken and shall seek to issue reports that are comprehensive, convincing, timely, reader-friendly and balanced

- Section 6 has been updated to reflect that the C&AG may report the matters relating to audit quality specified in the System of Quality Management either in their Annual Report or in a or in a separate Audit Quality Transparency Report published at the same time as the Annual Report.

Consultation questions

Q8. Do you agree with the changes proposed to reflect areas of greater clarity in current practice? If not, please explain your reasoning.

Q9. Are there other areas where you consider that the Code should be amended to reflect greater clarity in current practice? Please explain your reasoning.

Part B: Responding to this consultation

Background

14. Responses to this consultation are encouraged and welcomed from all interested parties. Please use one of the links below to submit your consultation response online.

[Code of Audit Practice Consultation – Fill in form]

Code of Audit Practice Consultation

15. Alternatively, please submit your response to the consultation to enquiries@jerseyauditoffice.je including 'Code of Audit Practice Consultation' in the title, no later than **6 November 2026**. Please clearly state the name of any organisation on behalf of which you are submitting a response.

16. A webinar will be offered during the consultation period for organisations and individuals interested in understanding more about the changes prior to submitting a formal response.

17. I intend to publish a summary of consultation responses alongside a finalised Code of Audit Practice. I intend to publish responses received, unless you

state that your response is to be treated as confidential. Please clearly state if you wish your consultation to be treated as confidential.

Appendix One: Summary of changes to each section of the Code

Section 1: Introduction

18. Section 1 of the Code signposts the content of the rest of the Code. A change has been made to Exhibit 1 to reflect the new requirements that have been placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise.

Section 2: General principles

19. Section 2 sets out general principles applicable to public audit in Jersey. Changes to the 2023 Code are proposed to reflect:

- that we communicate with stakeholders in all aspects of our work and that in doing so we ensure that such communication does not compromise the independence and impartiality of the JAO
- the update to the 2014 Law that requires the Chief Minister and the Chair of the Public Accounts Committee to take into account the views and recommendations of the Jersey Audit Office Board of Governance and the Jersey Appointments Commission before recommending to the States the appointment of a person to the office of C&AG
- new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise; and
- that the principle of proportionality requires that a measure taken by a public authority must be no more than is necessary to achieve a legitimate aim and must strike a fair balance between the public interest and the rights or interests of the individual or entity. The principle of proportionality is embedded throughout the Code.

Section 3: Work on the financial statements

20. Section 3 covers:

- the audit of financial statements undertaken by auditors appointed by the C&AG; and
- the duties and powers of the C&AG in relation to the audit of the financial statements of the States of Jersey.

21. The main proposed change from the 2023 Code relates to the new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise.

22. A minor change has also been made to replace the reference to the Government Plan with a reference to the Budget.

Section 4: Work on corporate governance, internal control and economy, efficiency and effectiveness

23. Section 4 covers the C&AG's functions in respect of corporate governance, internal control and economy, efficiency and effectiveness.

24. The main proposed changes from the 2023 Code are updates to reflect and clarify current practices. These include additional wording to reflect:

- that in determining what work to include in their plan the C&AG shall have regard to applicable professional standards, in particular INTOSAI principles and standards
- how the concepts of proportionality and materiality are used when planning and undertaking work
- that the C&AG shall demonstrate a willingness to innovate in the approaches being adopted
- that the C&AG shall consult on, and specify clearly, the objectives and scope of their work, including the audit criteria to be adopted in the work

- that the C&AG shall apply professional scepticism and due care in undertaking the work, considering issues from different perspectives and maintaining an open and objective attitude to various views and arguments
- that, in reporting, the C&AG shall specify the professional standards that have been followed in the work that has been undertaken; and
- that the C&AG shall seek to issue reports that are comprehensive, convincing, timely, reader-friendly and balanced.

Section 5: Follow-up of previous audit recommendations

25. Section 5 covers the C&AG's work following up the implementation of previous audit recommendations. No changes are proposed to Section 5.

Section 6: Reporting

26. Section 6 covers the C&AG's work in respect of reporting. The draft revised Code follows the same structure as the 2023 Code. The key proposed change is to reflect that the C&AG may report the matters relating to audit quality specified in the System of Quality Management either in their Annual Report or in a or in a separate Audit Quality Transparency Report published at the same time as the Annual Report.

Section 7: Liaison

27. Section 7 covers liaison. No changes are proposed to Section 7 in this consultation. I am aware of ongoing discussions regarding the future of the Government of Jersey Risk and Audit Committee. If changes are agreed during the consultation period I will agree relevant changes to the Code with Government officers.

Section 8: Other matters

28. Section 8 gathers together material relevant to the discharge of my functions that do not fit in any other section. No changes are proposed to Section 8.

Appendices

29. Appendix 3 is a new Appendix that lists the entities required to consult with the C&AG in advance of the appointment of auditors of financial statements following a tender exercise.

30. Appendix 4 has been updated to reflect the issue of ISSAI 140 Revised: Quality Management for SAIs. It updates the Audit Quality Framework appendix to comment more comprehensively on the System of Quality Management operated by the JAO. In doing so, more information is provided on:

    - quality objectives
    - risks
    - organisation arrangements for quality control; and
    - reporting.

31. Appendix 4 introduces a new requirement for the C&AG to evaluate and conclude on the system of quality management on an annual basis. Their evaluation and conclusion shall be included within their Annual Report or in a separate Audit Quality Transparency Report.

32. Minor changes have been made to Appendix 2 and Appendix 5 to recognise the establishment of the Capital Investment Fund.

Appendix Two: Summary of Consultation Questions

Q1. Do you agree with the overall structure and style of the Code? If not, what changes would you propose?

Q2. Are there any other principles, standards and recognised best practice that the Code should incorporate? If so, please explain your reasoning.

Q3. Do you agree with the changes proposed to reflect updates to relevant professional standards applicable to the JAO? If not, please explain your reasoning.

Q4. Do you agree with the changes proposed to reflect the update to the 2014 Law? If not, please explain your reasoning.

Q5. Are there other areas where you consider that the Code should be amended to reflect the update to the 2014 Law? Please explain your reasoning.

Q6. Do you agree with the changes proposed to reflect the new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise? If not, please explain your reasoning.

Q7. Are there other areas where you consider that the Code should be amended to reflect the new requirements placed on certain entities to consult with the C&AG in advance of the appointment of auditors of financial statements following a tendering exercise? Please explain your reasoning.

Q8. Do you agree with the changes proposed to reflect areas of greater clarity in current practice? If not, please explain your reasoning.

Q9. Are there other areas where you consider that the Code should be amended to reflect greater clarity in current practice? Please explain your reasoning.

JERSEY AUDIT OFFICE

LYNN PAMMENT CBE
Comptroller and Auditor General

Jersey Audit Office, Jubilee Wharf, 24 The Esplanade, St Helier, Jersey JE2 3QA

T: +44 1534 716800 E: enquiries@jerseyauditoffice.je
W: http://www.jerseyauditoffice.je