

Public Audit in Jersey: A Thinkpiece

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Introduction

1. Public audit provides 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 that the framework for public audit is comprehensive and robust.
2. Public audit was embraced by Jersey in its constitutional reforms of 2005 with the establishment of the Office of Comptroller and Auditor General (C&AG). My predecessor's report *Public Audit in Jersey* (July 2013) compared the arrangements for public audit in Jersey to recognised international standards at that time and made recommendations for change. Her recommendations were accepted and necessary legislative changes were made through the adoption of the Comptroller and Auditor General (Jersey) Law 2014 (the 2014 Law).
3. The framework for public audit has three main stakeholders: the auditor, the responsible party and the intended users. The relationship between these stakeholders should be set out clearly in the constitutional arrangements for public audit:
 - **the auditor:** the overall responsibility for public sector auditing should rest with the C&AG. Independent appointment of auditors is a fundamental principle of public audit both internationally and in Jersey.
 - **the responsible party:** the responsible parties are the States of Jersey and States established and States controlled entities. They are responsible for the management of public finances, the production of financial statements, corporate governance arrangements and arrangements for securing economy, efficiency and effectiveness in the entities' use of resources.
 - **intended users:** the intended users of public audit include the States Assembly as well as the general public.
4. As part of my first year in office, I have considered the arrangements for public audit in Jersey. In May 2020 I launched the first public consultation undertaken by the Jersey Audit Office. The consultation covered a proposed revised Code of Audit Practice which details how the C&AG discharges their statutory functions. The consultation also covered some areas where I had identified scope for improvement in public audit legislation.
5. Having considered the responses to the consultation and having reflected on my first year in office, this Thinkpiece sets out and explains my proposals relating to:
 - annual reporting by States established and States controlled entities;
 - entities to which the C&AG appoints auditors;

- assurance arrangements for other States established and States controlled entities;
 - the assurance framework; and
 - the governance of the Office of the C&AG.
6. The implementation of the recommendations and areas for consideration contained in this Thinkpiece will result in additional costs for the States of Jersey in some areas and a reduction in costs in other areas. I have considered carefully the benefits and potential costs associated with my recommendations and areas for consideration. I have concluded that the benefits of a more coherent and transparent framework for reporting and assurance outweigh the additional potential costs associated with implementation of my recommendations and areas for consideration.

Annual reporting by States established and States controlled entities

7. Throughout the world, the public sector is under more pressure than ever to demonstrate value for money for taxpayers. Annual reports from public bodies represent a formal record of accountability and should provide a clear picture of how taxpayers' money has been spent and what has been achieved.
8. Transparency in reporting and accountability are interrelated and mutually reinforcing concepts. Without transparency in annual reports it is more difficult to hold public sector entities to account. Transparency, however, has limited value unless there is also accountability, through consistent mechanisms to report on the use of public resources and a consistent assurance framework applicable to those reports.
9. My report *Annual Reporting* (August 2020) considered the quality of annual reports and financial statements produced by a number of public entities in Jersey. In the report I made recommendations to improve the framework and content of annual reports.
10. I also noted that the provisions relating to financial and non-financial reporting vary (Appendix 1). In particular:
 - legislation is largely silent on the scope and nature of financial reporting by entities established or controlled by the States and on how the scope and nature of financial reporting is determined;
 - where legislation provides for publication of an annual report accompanying the financial statements, the legislation usually makes no provision for the scope and content of the annual report or how such reporting should be determined; and
 - there are varying timetables for financial reporting and responsibilities for publication.
11. In addition to the entities detailed in Appendix 1, there are other entities with significant operational independence (such as the Health and Safety Appeal Tribunal) where the relevant legislation imposes no requirement for separate financial or non-financial reporting.
12. In my view, higher quality financial and non-financial reporting would be facilitated by the establishment of a consistent framework. The legislation would not have to prescribe the framework but instead the mechanism by which it would be prescribed. This could be achieved through an amendment to the Public Finances (Jersey) Law 2019 (the 2019 Law) in a similar way to the provision for the

accounting standards for the States of Jersey being directed in the Public Finances Manual. Alternatively, this could be achieved using self-standing legislation.

13. My view was shared by all respondees to the relevant question in my public consultation.
14. Legislation in Jersey uses inconsistent terminology to describe entities that are established and entities that are controlled by the States. In order to enhance transparency and accountability, I consider that there would be benefit in establishing a consistent definition and list of States established and States controlled entities. This could be achieved through an amendment to the 2019 Law to set out a definition of States established and States controlled entities and to place a duty on the Minister for Treasury and Resources to specify by Order the entities that meet the definition.

Recommendation

- R1.** Establish a consistent framework for the production of annual reports and accounts for States established and States controlled entities.

Area for consideration

- A1.** Establish a consistent definition in legislation of States established and States controlled entities and place a duty on the Minister for Treasury and Resources to specify by Order the entities that meet the definition.

Entities to which the C&AG appoints auditors

Agreeing the entities to which the C&AG appoints auditors

15. Financial audit is one part of public audit and one part of the assurance framework. High quality audit of financial statements is facilitated by high quality financial and associated non-financial reporting. Financial audit focusses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.
16. Independent appointment of auditors is a fundamental principle of effective public audit. My predecessor's report *Public Audit in Jersey* (July 2013) identified instances in which the Minister for Treasury and Resources or the Treasurer of the States was responsible for the appointment of auditors. Following publication of her report, the States Assembly adopted the 2014 Law that transferred the responsibility for most such auditor appointments to the C&AG.
17. However, there remain entities established by the States where the C&AG does not have the statutory responsibility for appointment of auditors. I have set out in Exhibit 1 details of the annual report, accounts and audit requirements of all States established and States controlled entities (other than companies) where legislation specifies that auditors are required to be appointed.

Exhibit 1: States established and States controlled entities (other than companies) where legislation specifies that auditors are required to be appointed

Entity name	Net Assets/ Annual expenditure 2019 £000	Stand-alone financial statements published	Audit requirement and opinion	Auditor appointed by C&AG
Public Employees' Pension Fund	2,257,576 net assets at 31 December 2019	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor

Entity name	Net Assets/ Annual expenditure 2019 £000	Stand-alone financial statements published	Audit requirement and opinion	Auditor appointed by C&AG
Jersey Teachers' Superannuation Fund	572,891 net assets at 31 December 2019	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor under delegated authority
Jersey Financial Services Commission	19,026 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor
Jersey Overseas Aid Commission	10,093 annual expenditure	✓ Financial information included in the Jersey Overseas Aid Commission annual report	✓ No separate audit outside of the States of Jersey audit	⚠ Legislation does not provide for the C&AG to appoint the auditor
Data Protection Authority	1,479 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor
Jersey Competition Regulatory Authority	1,229 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor

Entity name	Net Assets/ Annual expenditure 2019 £000	Stand-alone financial statements published	Audit requirement and opinion	Auditor appointed by C&AG
Office of the Comptroller and Auditor General	847 annual expenditure	✓ Financial statements included in the Office of the C&AG annual report	✓ Independent auditor's opinion provided	N/A Public Accounts Committee Chair is independently responsible for the appointment of the auditor in this instance
Commissioner for Children and Young People	605 annual expenditure	✓ Limited financial information published to date	✓ No separate audit outside of the States of Jersey audit. There is a discretion for the Commissioner to appoint an auditor	⚠ Legislation does not provide for the C&AG to appoint the auditor
Gambling Commission	574 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor
Office of the Financial Services Ombudsman (OFSO)	455 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	⚠ Legislation does not provide for the C&AG to appoint the auditor
Jersey Advisory and Conciliation Service	417 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	✓ C&AG is responsible for appointing the auditor

Entity name	Net Assets/ Annual expenditure 2019 £000	Stand-alone financial statements published	Audit requirement and opinion	Auditor appointed by C&AG
Care Commission	356 annual expenditure	✓ Financial information included in annual report	✓ No separate audit outside of the States of Jersey audit	⚠ Legislation does not provide for the C&AG to appoint the auditor
Jersey Bank Depositors' Compensation Board	155 annual expenditure (y/e 31 January 2020)	✓ Financial statements published	✓ Independent auditor's opinion provided	⚠ Legislation does not provide for the C&AG to appoint the auditor
Jersey Consumer Council	87 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	⚠ Legislation does not provide for the C&AG to appoint the auditor
Jersey Safety Council	36 annual expenditure	✓ Financial statements published	✓ Independent auditor's opinion provided	⚠ Legislation does not provide for the C&AG to appoint the auditor

18. In some instances, the transactions of the entities in Exhibit 1 are included within the audited financial statements of the States of Jersey and are not audited separately. However, the governance and operational arrangements for these entities are independent of the States and the assurance that can be obtained is limited to the materiality adopted in the audit of the States of Jersey.
19. The materiality concept refers to the benchmark used by auditors to obtain reasonable assurance that their audit will detect any material misstatement that can significantly impact the usability of financial statements. The materiality adopted by the States of Jersey auditors in 2019 ranged between £15 million and £75 million.

20. My public consultation issued in May 2020 referred to three situations where the C&AG does not have the statutory responsibility for appointment of the auditor:
- the Treasurer of the States remains responsible for the appointment of the auditor of the financial statements of the Jersey Teachers' Superannuation Fund. Following my predecessor's 2013 report, the Treasurer delegated the function of appointment of the auditor to the C&AG pending proposed changes in legislation. However, no statutory changes were subsequently made;
 - there is a statutory duty on the Chairman of the Jersey Overseas Aid Commission to present audited financial statements to the States Assembly but the legislation is silent on who appoints the auditor and the function is not currently performed by the C&AG; and
 - the legislation to establish the Commissioner for Children and Young People entrusted the responsibility for the appointment of the auditor of the Commissioner's financial statements (and even the decision on whether to appoint an auditor) to the Commissioner rather than to the C&AG.
21. Since my public consultation, I have identified a further two situations where the C&AG does not have the statutory responsibility for appointment of the auditor:
- the Board of the Office of the Financial Services Ombudsman is responsible for the appointment of the auditor of the Office; and
 - the Jersey Consumer Council appoints its own auditor.
22. In addition, the financial statements of the Jersey Safety Council are required to be audited by 'the States Auditor', an obsolete term.
23. In my view a consistent approach, giving the C&AG responsibility for the appointment of auditors of the financial statements of all entities established or controlled by the States (other than companies and the Office of the C&AG), would be appropriate. My view was supported by 80% of respondents to the specific question in my public consultation.
24. In response to the consultation, the Commissioner for Children and Young People opposed giving the C&AG responsibility for the appointment of the auditor of the Commissioner's financial statements. She cited the principles of autonomy from government of human rights institutions set out in the Paris Principles on National Institutions for the Promotion and Protection of Human Rights and General Comment No. 2 issued by the United Nations Committee on the Rights of the Child.
25. I fully respect such principles that are analogous to the Mexico Declaration on Supreme Audit Institution Independence against which I have benchmarked my own Office.

26. However, I would welcome reconsideration by the Commissioner given that in my view, a power of the C&AG to appoint the auditor of the Commissioner's financial statements is not inconsistent with the Commissioner's autonomy:
- the C&AG is an independent officer, reporting to the States Assembly and, by virtue of Article 17 of the 2014 Law, incapable of being directed by any person, including the Government of Jersey, in the discharge of their functions;
 - the Office of the C&AG is a Non-Ministerial States Body, outside the Government of Jersey and the remit of the Principal Accountable Officer;
 - any auditor appointed by the C&AG to audit the financial statements of the Commissioner has no function in respect of allocation of resources to or use of resources by the Commissioner. Their function is merely to report on the truth and fairness of the financial statements prepared by the Commissioner;
 - there is no explicit provision in either the Paris Principles on National Institutions for the Promotion and Protection of Human Rights or General Comment No. 2 issued by the United Nations Committee on the Rights of the Child relating to the appointment of auditors of human rights institutions. Indeed, I identified that the financial statements of comparable entities in the United Kingdom, Australia and New Zealand are audited by the relevant Auditor General or an auditor appointed by the relevant Auditor General; and
 - I already have, by virtue of Article 11 of the 2014 Law, a wide remit in respect of internal control, corporate governance and economy, efficiency and effectiveness in respect of the Commissioner.
27. I also noted in my public consultation that the C&AG has a duty to appoint the auditor of the financial statements of the Jersey Dental Scheme. In practice, no separate financial statements are prepared for the Scheme and its results are included within the financial statements of the States of Jersey, as are the results of the much larger Social Security Fund, Social Security (Reserve) Fund, Health Insurance Fund and Long-Term Care Fund. However, in the case of those funds, the legislation specifically provides that their results are included within the financial statements of the States of Jersey. In my view a similar approach in relation to the Jersey Dental Scheme would be appropriate. This view was shared by all respondents to the relevant question in my consultation
28. The necessary change to legislation could be achieved through amendment to the 2014 Law. Article 11(1) specifically refers to the Social Security funds and could refer to the Jersey Dental Scheme funds.

The appointment of auditors to States controlled companies

29. In common with other jurisdictions, the appointment of auditors to States controlled companies is governed by companies legislation. The public consultation I undertook did not consider whether the C&AG should be responsible for the appointment of auditors to States controlled companies.
30. I have however considered the arrangements in place in other jurisdictions. Exhibit 2 contains details of arrangements in place in the nations of the United Kingdom. In all nations, the C&AG is eligible for appointment as a company auditor.

Exhibit 2: Audit of Government controlled companies in the United Kingdom

United Kingdom

HM Treasury may by statutory order make C&AG auditor of a body which exercises functions of a public nature or is entirely or substantially funded from public money and have access to documents and if the body is a Companies Act company the order does not need to be laid before Parliament. (Section 25, Government Resources and Accounts Act 2000). The C&AG is eligible to be appointed as a statutory auditor for a Companies Act company (Section 1226, Companies Act 2006).

Scotland

The Scottish Ministers may by Order provide for a company registered in Scotland to be audited by the Auditor General for Scotland if it exercises in Scotland functions of a public nature none of which relate to reserved matters and is funded entirely or substantially by a body whose accounts are audited by the Auditor General for Scotland (section 483, Companies Act 2006).

The Auditor General for Scotland is eligible to be appointed as a statutory auditor for a Companies Act company (Section 1226, Companies Act 2006).

Wales

The Welsh Ministers may by Order make provision about the audit of a body specified in Schedule 17 of the Government of Wales Act 1998 (section 144, Government of Wales Act 1998). Section 144 of the Government of Wales Act 1998 also allows the Welsh Ministers to add a 'public body' (being a body that exercises functions of a public nature or is entirely or substantially funded by public money) to Schedule 17. The effect of Section 144 is to allow the Welsh Ministers to provide that certain companies are audited by the Auditor General for Wales.

The Welsh Ministers may appoint the Auditor General for Wales as auditor of any body where they are entitled to appoint the auditor (Paragraph 18, Schedule 8, Government of Wales Act 2006).

The Auditor General for Wales is eligible to be appointed as a statutory auditor for a Companies Act company (Section 1226, Companies Act 2006).

Northern Ireland

The Department of Finance and Personnel may by Order provide for the accounts of a body that exercises functions of a public nature or is entirely or substantially funded from public money to be audited by the Comptroller and Auditor General of Northern Ireland (Article 5, Audit and Accountability (Northern Ireland) Order 2003).

The Comptroller and Auditor General of Northern Ireland is eligible to be appointed as a statutory auditor for a Companies Act company (Section 1226, Companies Act 2006).

31. In all of the comparator jurisdictions noted in Exhibit 2, the Comptroller and Auditor General or equivalent is eligible to be appointed as a statutory auditor of a company. In addition, Ministers and/or Departments have the power to require certain companies to appoint the Comptroller and Auditor General or equivalent as their auditors.
32. Under Jersey legislation, a company is required to appoint an auditor if: it is a public company; its articles so require; or a resolution of the company in a general meeting so requires.
33. I have considered the arrangements in other jurisdictions and company legislation in Jersey. I consider that independent appointment of auditors is a fundamental principle of public audit. Whilst Ministerial and/or Departmental powers to appoint may in some instances be considered independent of States controlled companies, giving the C&AG the power to appoint auditors to States controlled companies would provide a greater degree of independence.
34. The C&AG and the Jersey Audit Office do not carry out financial statements audits currently and, where the C&AG has the power to appoint auditors, this power is exercised by appointing professional audit firms.
35. I therefore consider that legislation could be enhanced in Jersey by containing specific provision for the C&AG to have the power to appoint auditors to States controlled companies who exercise functions of a public nature or are substantially funded from public money.

Establishing a consistent appointment framework

36. Where statutory provisions exist relating to the appointment of auditors of entities other than the States of Jersey they are spread between different pieces of legislation (see Appendix 1). The statutory provisions are generally very limited:
- making different provisions about qualification for appointment;
 - usually making no provisions about the responsibilities of auditors; and
 - not providing auditors appointed by the C&AG with any explicit powers relating to access to information to fulfill their functions (in contrast to the provisions relating to the C&AG).
37. In my view, high quality public audit would be facilitated by a consistent statutory framework relating to the responsibilities and powers of auditors appointed by the C&AG. This view was shared by all respondees to the relevant question in my public consultation.
38. A consistent statutory framework could be achieved through amendment to the 2014 Law and the repeal of relevant provisions in other legislation.

Regulatory oversight of public sector auditors

39. 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) revised in November 2020 discharges that responsibility.
40. In updating the provisions of the Code, I identified a gap in regulatory oversight of the entities to which I appoint auditors of financial statements. These audits are not obviously subject to inspection by statutory or professional bodies in either Jersey or the United Kingdom.
41. In order to address this issue, I have enhanced the Audit Quality Framework under the Code to allow the C&AG to review, or appoint a person or persons to review, the quality of audit work undertaken by auditors appointed by the C&AG, including through review of audit working papers. The position I have adopted in the Code would be enhanced if it was supported by legislation (for example, by amending the 2014 Law).

Recommendations

- R2.** Amend legislation to give the C&AG a power to appoint auditors of financial statements of all entities established or controlled by the States (other than companies).
- R3.** Codify in legislation the existing arrangements for the preparation of the financial statements of the Jersey Dental Scheme.

- R4.** Establish a consistent statutory framework relating to the responsibilities and powers of auditors appointed by the C&AG.
- R5.** Update legislation to recognise the C&AG as the 'competent authority' for the regulatory oversight of the auditors she appoints.

Area for Consideration

- A2.** Consult with relevant stakeholders on amending legislation to give the C&AG the power to appoint auditors to States controlled companies who exercise functions of a public nature or are substantially funded from public money.

Assurance arrangements for other entities

42. I have identified a number of other entities established by or controlled by the States where, despite a requirement placed on the entity to produce an annual report, there is no requirement to produce audited financial statements nor to appoint an auditor. Exhibit 3 contains further details of these entities.

Exhibit 3: Entities established or controlled by the States that are required to produce an annual report but there are no requirements regarding audit

Entity name	Annual expenditure 2019 £000	Extent of financial information published in annual report of entity
States of Jersey Police	22,255 (budget)	✗ Limited financial information published in Annual Policing Report from the Police Authority
States Assembly	6,375	✓ Financial information included in annual report
Jersey Legal Information Board	310	✓ Audited financial statements included in annual report
Charity Commissioner	137 (11 months)	✓ Financial information published in annual report
Criminal Injuries Compensation Board	73 (2018)	✓ Financial information published in annual report
Police Complaints Authority	38	✓ Financial information included in annual report
Jersey Law Commission	13	✓ Financial information included in annual report

Entity name	Annual expenditure 2019 £000	Extent of financial information published in annual report of entity
Charity Tribunal	Not published	✗ Limited financial information published in annual report
Complaints Panel	Not published	✗ Limited financial information published in annual report
Director of Civil Aviation	Not published	✗ Limited financial information published in annual report
Independent Prison Monitoring Board	Not published	✗ Limited financial information published in annual report
Jersey Appointments Commission	Not published	✗ Limited financial information published in annual report
Jersey Employment and Discrimination Tribunal	Not published	✗ Limited financial information published in annual report
Mental Health Tribunal	Not published	✗ Limited financial information published in annual report
States Employment Board	Not published	✗ Limited financial information published in annual report
Tenancy Deposit Scheme	Not published	✗ Limited financial information published in annual report

43. The Jersey Legal Information Board publishes a stand-alone set of audited financial statements. There is no statutory requirement for the Legal Information Board to have an audit. However, it elected to do so and appoints its own auditors for this purpose.
44. In addition to the entities in Exhibit 3, Statistics Jersey is an entity that is established by the States. However, no requirement has been placed on it to produce an annual report. Its transactions are included within the audited financial statements of the States of Jersey but are not disclosed separately. In addition to Statistics Jersey, there are other entities with significant operational independence (such as the Health and Safety Appeal Tribunal) where the relevant legislation imposes no requirement for separate financial or non-financial reporting.
45. In most instances, the transactions of the entities in Exhibit 3 are included within the audited financial statements of the States of Jersey. However, financial information regarding each entity is not always disclosed separately in the States of Jersey Annual Report and Accounts and the assurance that can be obtained is limited to the materiality adopted in the audit of the States of Jersey.
46. The materiality concept refers to the benchmark used by auditors to obtain reasonable assurance that their audit will detect any material misstatement that can significantly impact the usability of financial statements. The materiality adopted by the States of Jersey auditors in 2019 ranged between £15 million and £75 million.
47. The assurance that can therefore be obtained from the audit performed on the States of Jersey in respect of the entities listed in Exhibit 3 will vary due to the level of materiality used by the States of Jersey auditors when undertaking their audit of the consolidated States of Jersey accounts. The level of materiality adopted by the States of Jersey auditors exceeds the annual expenditure of each of the entities listed in Exhibit 3 apart from the States of Jersey Police.
48. I am of the view that further consideration should be given to the requirements for disclosure and audit of relevant financial information in respect of the entities listed in Exhibit 3 given that most of the entities operate with some degree of independence from the States of Jersey. My report *Annual Reporting* (August 2020) included a recommendation to introduce a set of minimum requirements for the annual reports of States controlled entities including appropriate reporting of annual financial information. It also suggested that consideration should be given to the potential to introduce a requirement for all States controlled entities to produce stand-alone financial statements prepared under a suitable accounting framework, such as Financial Reporting Standard (FRS)102.
49. This could be achieved through an amendment to the 2019 Law in a similar way to the provision for the accounting standards for the States of Jersey being directed in the Public Finances Manual. Alternatively, this could be achieved using self-standing legislation.

50. For completeness, I have repeated the recommendations and area for consideration contained in my *Annual Reporting* review below. The recommendations have previously been accepted and are due for action in 2021.

Recommendations

- R6.** Introduce a consistent set of minimum requirements for the annual reports of other States established and States controlled entities. These requirements should include appropriate reporting of annual financial information.
- R7.** Introduce a requirement for Statistics Jersey to produce an annual report.

Area for consideration

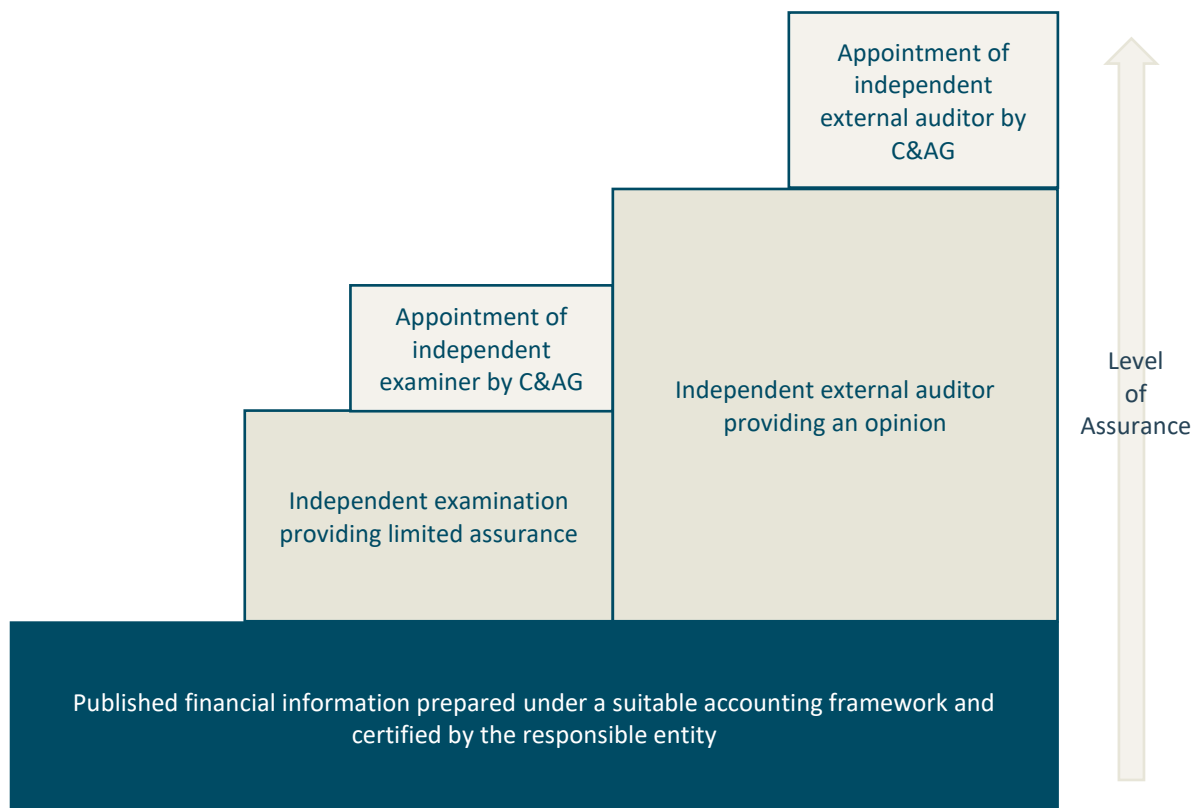
- A3.** Consider whether to introduce a requirement for all States established and States controlled entities above a consistent size threshold to produce stand-alone financial statements prepared under a suitable accounting framework, such as FRS102.

The assurance framework

51. Once a framework is established for the publication of financial information by all States controlled and established entities, a framework for audit and assurance across all entities can be established.
52. There are different types of assurance that can be provided on financial statements and financial information published by an entity. An independent external audit of a set of financial statements published under a recognised accounting framework is the highest level of assurance that can be provided.
53. When an external audit is performed, the auditor will express a positive opinion as to whether the financial statements give a true and fair view of the state of the entity's affairs and performance for the year and whether the financial statements have been properly prepared in accordance with the recognised accounting framework.
54. There are other forms of assurance that can be obtained over published financial information. These will provide more limited assurance than an external audit but can nevertheless still provide some form of independent assurance. When providing limited assurance, the assurance provider will express their conclusion on a 'by exception' basis. For example, the assurance provider may state that nothing was found to suggest that the entity's accounts are materially wrong or inaccurate based on the limited work they have performed.
55. In England and Wales, some smaller charities may elect to be subject to an independent examination rather than an audit. An independent examiner does not report on the truth and fairness of financial statements. Instead they undertake a range of specified procedures and report by exception on matters that they identify in the course of their work.
56. In essence, an independent examination is a simple form of external scrutiny carried out by a suitably qualified independent person. The examiner will check whether the financial statements agree to the entity's underlying accounting records and whether applicable accounting rules and regulations have been followed in preparing the accounts.
57. By comparison, an audit is an in-depth scrutiny of the books, records and financial statements of an entity.
58. In the Isle of Man, the Government has amended its Audit Act 2006 to replace external audits with assurance reviews and independent examinations for smaller local government bodies. Independent examinations apply to bodies with expenditure of up to £100,000 per annum and assurance reviews (which are not a full audit) apply to bodies with expenditure of between £100,000 and £1,000,000 per annum.

59. The first building block of any effective assurance regime is the publication of financial information by the responsible entity. As noted earlier, some States established and States controlled entities publish limited (or in some cases no) financial information. I have therefore recommended a consistent framework requiring the publication of financial information prepared under a suitable accounting framework for all States established and States controlled entities.
60. Exhibit 4 summarises the building blocks of external assurance within a public sector environment.

Exhibit 4: The Building Blocks of Assurance



61. Entities that are responsible for material amounts of public expenditure should be positioned at the top of the assurance framework requirements. In some cases, however, the scale of operations of States established and States controlled entities is small and there is a rationale for an independent examination regime for these entities.
62. The current assurance position for States established and States controlled entities is neither coherent nor consistent. In some instances, there is limited assurance on large and complex entities whilst at the same time the highest levels of assurance are being provided on smaller and less complex organisations. Exhibit 5 depicts the current assurance position.

Exhibit 5: The current assurance position

Level of Assurance					
Statistics Jersey*	Charity Tribunal*	States Assembly*		Jersey Legal Information Board	States of Jersey
	Complaints Panel*	Charity Commissioner*		Commissioner for Children and Young People	Public Employees' Pension Fund
	Director of Civil Aviation*	Criminal Injuries Compensation Board*		Office of the Financial Services Ombudsman (OFSO)	Jersey Teachers' Superannuation Fund
	Independent Prison Monitoring Board*	Police Complaints Authority*		Jersey Bank Depositors' Compensation Board	Jersey Financial Services Commission
	Jersey Appointments Commission*	Jersey Law Commission*		Jersey Consumer Council	Data Protection Authority
	Jersey Employment and Discrimination Tribunal*	Jersey Overseas Aid Commission*		Jersey Safety Council	Jersey Competition Regulatory Authority
	Mental Health Tribunal*	Care Commission*		States controlled companies	Office of the Comptroller and Auditor General
	States Employment Board*				Gambling Commission
	Tenancy Deposit Scheme				Jersey Advisory and Conciliation Service
	States of Jersey Police and Police Authority*				
No annual report	No published financial information	Published financial information	Independent examination	Audited financial statements	Audited financial statements with C&AG appointed auditor

Note: The financial results for the entities marked with an asterisk are included within the audited financial statements of the States of Jersey.

63. A starting point to a more consistent framework is to require those entities that do not publish an annual report or financial information to do so on a consistent basis. This could be achieved by enacting legislation that replaces the different reporting requirements in individual pieces of legislation and establishes an overarching framework. Such an approach is adopted by the Commonwealth Government in Australia. The legislation could, for example, allow for:
- different categories of entities to which different provisions could apply; and
 - the prescription of specific reporting requirements by Order or through the Public Finances Manual.
64. In my view, for all States established and States controlled entities that publish financial information, there should be an assurance requirement for at least an independent examination by an examiner appointed by the C&AG.
65. For States established and States controlled entities with expenditure above £100,000 per annum, however, there should in my view be a requirement to produce financial statements that are audited by an auditor appointed by the C&AG.
66. For entities established or controlled by the States with expenditure below £100,000 per annum, I consider that it would be appropriate to allow the appointment by the C&AG of an independent examiner rather than an auditor to undertake an examination in accordance with Directions made by the C&AG.
67. Whilst I have suggested a threshold of £100,000 for an audit requirement, I recognise that there could be a rationale for a higher threshold being in place. Ultimately, any decision as to an appropriate threshold should consider the benefits and costs of an enhanced assurance framework.
68. The results of my suggestions would be that the Jersey Consumer Council and the Jersey Safety Council that are currently subject to an audit will move to an independent examination regime. The Criminal Injuries Compensation Board, the Police Complaints Authority and the Jersey Law Commission would also fall within the proposed independent examination regime. Similarly, other smaller entities that do not currently publish financial information would also start to do so and be subject to an independent examination regime by independent examiners appointed by the C&AG.
69. Larger entities that do or do not currently publish financial information and are not currently subject to audit in respect of their stand-alone financial information would fall into an audit regime with auditors appointed by the C&AG. This would include the States Assembly and the States of Jersey Police.

Areas for consideration

- A4.** For entities established or controlled by the States with expenditure not exceeding a defined threshold based on expenditure per year, introduce a requirement for an independent examination to be undertaken in accordance with Directions made by the C&AG. This will replace the requirement for an external audit where such a requirement currently exists.
- A5.** Where applicable, give power to the C&AG to appoint independent examiners to States established and States controlled entities with expenditure not exceeding a defined threshold per year.
- A6.** For entities established or controlled by the States with expenditure in excess of a defined threshold per year, introduce the requirement for an audit by an auditor appointed by the C&AG once a requirement for the production of financial statements has been introduced.

Governance of the Office of the C&AG

70. The 2014 Law provided for the establishment of a Board of Governance ('Board') for the Office of the C&AG. The Board was subsequently established by the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015 to keep under review the use of resources provided by the States Assembly to the C&AG. The Board comprises the C&AG and up to three independent members appointed by the States Assembly.
71. Experience of the operation of the Board has identified a number of areas where legislative change may be helpful.

Revocation of the appointment of the C&AG

72. The preservation of the independence of the C&AG is a pre-requisite for the effective discharge of the C&AG's function. The independence of the C&AG is promoted by their appointment for a seven-year non-renewable term with removal from office only on specified grounds (such as failure to perform their duties) and then only by resolution of the States Assembly on a proposition brought by the Chief Minister and Chairman of the Public Accounts Committee acting jointly. However, despite the knowledge of the Board of the operation of the Office, the legislation provides no role for the Board in event of consideration of a proposal to revoke the appointment of the C&AG.
73. In my view, and that of the Board, a role for the Board in the event of such a proposal would provide an additional safeguard. This view was shared by all respondents to the relevant question in my consultation.

Limitation of liability

74. To protect their ability to act without fear or favour, the C&AG has a wide-ranging statutory limitation on their liability for damages arising from the discharge of their functions. Despite the vital role of the Board of Governance in keeping under review the use of resources of the Office, there is no equivalent limitation of liability or indemnity for Board members other than the C&AG.
75. In my view there should be. This view was shared by all respondents to the relevant question in my consultation.

Ability to continue operating

76. The Board comprises three independent members of whom two are necessary to form a quorum. Given its small scale, a combination of a vacancy in office and illness of a member would render the Board inquorate and incapable of performing its functions. In my view, and that of the Board, legislative change to avoid this situation is appropriate. This view was shared by all respondees to the relevant question in my consultation.
77. In my opinion, and that of the majority of respondees expressing a preference, it would be appropriate to increase the membership of the Board by one to reduce the risk of the Board not being quorate and the inability of the Board to operate.

Recommendations

- R8.** In addition to other safeguards, introduce a role for the Board of Governance in any consideration of the revocation of the appointment of the C&AG.
- R9.** Introduce a statutory limitation on the liability of independent members of the Board of Governance or equivalent indemnity.
- R10.** Increase the maximum number of independent members of the Board of Governance to four.

Appendix 1 – Provisions relating to appointment of auditors to States established and States controlled entities

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Care Commission</p> <p>Regulation of Care (Jersey) Law 2014</p>	<p>A report 'providing information regarding the discharge of the Commission's functions during the year'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to include accounts in annual report.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>The accounts of the Commission must be audited by auditors appointed in respect of each financial year by the Minister for Treasury and Resources and qualified for appointment as auditors by virtue of Article 113 of the Companies (Jersey) Law 1991.</p>
<p>Charity Commissioner</p> <p>Charities (Jersey) Law 2014</p>	<p>A report on 'the activities of the Commissioner in each calendar year'.</p> <p>The Chief Minister may, by giving written notice to the Commissioner and publishing that notice, give directions to the Commissioner as to the content and form of the report. Any such directions must respect the independence of the Commissioner and not require the justification of any particular decision made pursuant to the duty of the Commissioner.</p> <p>No such directions have been issued to the Commissioner.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Charity Tribunal</p> <p>Paragraph 3 of Schedule 2 of the Charities (Jersey) Law 2014</p>	<p>The responsible officer must prepare a report on the activities of the tribunal in each calendar year.</p> <p>The responsible officer must provide the Minister with the report as soon as practicable after the end of the year to which the report relates, but in no case later than 4 months after the end of that year.</p> <p>The Minister must lay a copy of the report so provided before the States as soon as practicable after the Minister receives the report.</p>	<p>No requirement for annual accounts.</p>	<p>No requirement for audit.</p>
<p>Commissioner for Children and Young People</p> <p>Commissioner for Children and Young People (Jersey) Law 2019</p>	<p>A report on the discharge of the Commissioner's functions.</p> <p>Submission to the Greffier of the States who has a duty to lay before the States Assembly.</p>	<p>Duty to 'prepare accounts'.</p>	<p>Referred to specifically in the May 2020 public consultation document. The Commissioner may, on such basis as the Commissioner determines, appoint auditors qualified to be recognised auditors in accordance with Article 112 of the Companies (Jersey) Law 1991.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Complaints Panel</p> <p>Administrative Decisions (Review) Jersey Law 1982</p>	<p>A report on:</p> <p>(a) the complaints received under this Law;</p> <p>(b) the results of any attempt at informal resolution of the subject matter of such a complaint;</p> <p>(c) a summary of the findings of any Board;</p> <p>(d) the steps taken by the relevant Minister, Department or person when a Board has requested a reconsideration of the matter of such a complaint.</p> <p>Submission to the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>
<p>Criminal Injuries Compensation Board</p> <p>Article 9, Act of the States Assembly dated 4 December 1990</p>	<p>A report on 'the operation of the Scheme'.</p> <p>Submission to the States Assembly.</p>	<p>A 'statement of accounts'.</p> <p>Submission to the States Assembly.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Data Protection Authority</p> <p>Articles 43 and 44, Data Protection Authority (Jersey) Law 2018</p>	<p>A report 'on its activities'. Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Authority for the period to which they relate and of the state of the Authority's affairs at the end of the period'. Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>The accounts of the Authority must be audited by auditors appointed in respect of each financial year by the Comptroller and Auditor General.</p>
<p>Director of Civil Aviation</p> <p>Article 9, Civil Aviation (Jersey) Law 2008</p>	<p>A report on 'the discharge of the Director's function'. The report must contain such information as the Minister may specify. Submission to the Minister for External Relations who has a duty to lay before the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Gambling Commission</p> <p>Article 18, Gambling Commission (Jersey) Law 2010</p>	<p>A 'report on its operations'. Submission to the Minister for Economic Development, Tourism, Sport and Culture who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Commission for the period and of the state of the Commission's affairs at the end of the period'. Must include separate accounts for the Social Responsibility Fund. Minister may by Order make additional provision about accounts. No such Order has been made. Submission to the Minister for Economic Development, Tourism, Sport and Culture who has a duty to lay before the States Assembly.</p>	<p>The accounts of the Commission must be audited by auditors appointed in respect of each financial year by the Comptroller and Auditor General and qualified for appointment as auditors of a company by virtue of Article 113 of the Companies (Jersey) Law 1991.</p>
<p>Independent Prison Monitoring Board</p> <p>Regulation 9, Prison (Independent Prison Monitoring Board) (Jersey) Regulations 2017</p>	<p>A report 'with regard to the matters referred to in [...] Regulations or in prison rules, with [the Board's] advice and suggestions upon any such matter'. Submission to the Minister for Home Affairs who has a duty to lay before the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Jersey Advisory and Conciliation Service</p> <p>Paragraph 10, Schedule, Jersey Advisory and Conciliation (Jersey) Law 2003</p>	<p>A 'report on its activities'. Submission to the Minister for Social Security who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of JACS for the period to which they relate and of the state of JACS' affairs at the end of the period'. Submission to the Minister for Social Security who has a duty to lay before the States Assembly.</p>	<p>The accounts of JACS shall be audited by auditors appointed in respect of each year by the Comptroller and Auditor General. 'Articles 113 to 113E of the Companies (Jersey) Law 1991 shall apply to an auditor and the auditor's appointment as if JACS were a company within the meaning of those Articles and the appointment were under Article 109 of that Law'</p>
<p>Jersey Appointments Commission</p> <p>Article 28(4), Employment of States of Jersey Employees (Jersey) Law 2005</p>	<p>A report on: (a) the Commission's activities during that calendar year; (b) any matter in relation to which the Commission has issued a statutory report during the year; (c) any matter specified in a direction made by the States Assembly; and (d) other matters the Commission thinks fit.</p> <p>Submission to the States Employment Board. The Chief Minister has a duty to lay before the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Jersey Bank Depositors' Compensation Board</p> <p>Regulation 14, Banking Business (Depositors Compensation) (Jersey) Regulations 2009</p>	<p>A report containing:</p> <p>(a) details of the Board's activities during the financial year; and</p> <p>(b) such other information as the Minister may direct the Board to provide.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>The Board must, within 3 months after the end of the financial year, have its accounts audited by an auditor qualified for appointment as an auditor of a company by virtue of Article 113 of the Companies (Jersey) Law 1991.</p> <p>The Comptroller and Auditor General may audit the accounts of the Board.</p>
<p>Jersey Competition Regulatory Authority</p> <p>Articles 17 and 18, Competition Regulatory Authority (Jersey) Law 2001</p>	<p>A 'report on its activities'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Authority for the period to which they relate and of the state of the Authority's affairs at the end of the period'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>The accounts of the Authority shall be auditors by auditors appointed in respect of each financial year by the Comptroller and Auditor General.</p> <p>'Article 113 of the Companies (Jersey) Law 1991 shall apply to an auditor and the auditor's appointment referred to in this Article as if the Authority were a company within the meaning of the first-mentioned Article and the appointment were under Article 109 of that Law'</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Jersey Consumer Council</p> <p>Act of the States Assembly dated 25 April 1995</p> <p>Article 23, Jersey Consumer Council Constitution</p>	<p>An 'annual report'.</p> <p>Submission to the Minister for Economic Development, Tourism, Sport and Culture to lay before the States Assembly.</p>	<p>Duty to prepare 'annual statements of accounts' 'in accordance with generally accepted accounting practices'.</p> <p>Submission to the Minister for Economic Development to lay before the States Assembly.</p>	<p>The Council is required under the Constitution to appoint 'a suitably qualified person' as auditor.</p>
<p>Jersey Employment and Discrimination Tribunal</p> <p>Regulation 11, Employment and Discrimination Tribunal (Jersey) Regulations 2014</p>	<p>A report on 'the activities of the Tribunal'.</p> <p>Submission to the Minister for Social Security who has a duty to lay before the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>
<p>Jersey Financial Services Commission</p> <p>Article 21, Financial Services Commission (Jersey) Law 1998</p>	<p>A report on 'its operations during the year'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Commission for the period and of the state of the Commission's affairs at the end of the period'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>The accounts of the Commission shall be audited by auditors appointed in respect of each financial year by the Comptroller and Auditor General and qualified for appointment as auditors of a company by virtue of Article 113 of the Companies (Jersey) Law 1991.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Jersey Law Commission</p> <p>P.102/1996</p>	<p>An annual report 'to enable the desirability and effectiveness of the Law Commission to be judged and the level of budgeted expenditure reviewed'.</p>	<p>No requirement for annual accounts.</p>	<p>No requirement for audit.</p>
<p>Jersey Legal Information Board</p> <p>Article 5(4) of the Jersey Legal Information (Incorporation) Law 2004</p>	<p>A report on the Board's activities. Submission to the Minister for Treasury and Resources.</p>	<p>Duty to 'present accounts'. Submission to the Minister for Treasury and Resources.</p>	<p>There is no statutory requirement for the Legal Information Board to have an audit. However it has elected to do so voluntarily.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Jersey Overseas Aid Commission</p> <p>Paragraphs 11 and 12 of Schedule 1 of the Jersey Overseas Aid Commission (Jersey) Law 2005</p>	<p>A report on 'the activities of the Commission'</p> <p>Submission to the States Assembly by the Chairman of the Commission.</p>	<p>Legislation requires the Jersey Overseas Aid Commission to keep accounts in a form that is acceptable to the Minister for Treasury and Resources or another person, or a body, designated from time to time by the States Assembly.</p> <p>Submission of the accounts is required to be made to the States Assembly by the Chairman of the Commission.</p> <p>The Memorandum of Understanding between the Jersey Overseas Aid Commission and the Government of Jersey states however that Jersey Overseas Aid Commission 'will not keep a separate set of accounts nor appoint its own external auditors, but will utilise with Treasury's support the Government of Jersey's JD Edwards System'</p>	<p>Referred to specifically in the May 2020 public consultation document. There is a duty in legislation on the Chairman of the Jersey Overseas Aid Commission to present audited financial statements to the States Assembly but the legislation is silent on who appoints the auditor.</p>
<p>Jersey Safety Council</p> <p>Paragraph (e), P.102/1991</p>	<p>A report providing 'full details' of the Council's activities during the year.</p> <p>Submission to Minister for Social Security who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts.</p> <p>Submission to Minister for Social Security who has a duty to lay before the States Assembly.</p>	<p>Audited 'by the States auditor'.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Jersey Teachers' Superannuation Fund</p> <p>Article 22, Teachers' Superannuation (Jersey) Order 2007</p>	<p>None</p>	<p>Duty to prepare 'annual accounts of the Fund and the Teachers' Superannuation Schemes'.</p>	<p>Referred to specifically in the May 2020 public consultation document. The Treasurer shall have annual accounts of the Fund and the Teachers' Superannuation Schemes professionally audited. The Treasurer has delegated the appointment of auditors to the C&AG.</p>
<p>Mental Health Tribunal</p> <p>Article 4 of the Mental Health (Jersey) Law 2016</p>	<p>The administrator must publish an annual report containing such information as the Minister for Health and Social Services may direct, including (but not limited to) details as to approved establishments and practitioners, and as to applications to the Mental Health Review Tribunal.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>
<p>Office of the Comptroller and Auditor General</p> <p>Article 19, Comptroller and Auditor General (Jersey) Law 2014</p>	<p>A report on 'the activities of the office of Comptroller and Auditor General'.</p> <p>Submission to the Greffier of the States who has a duty to lay before the States Assembly.</p>	<p>Duty to 'prepare accounts'.</p> <p>Submission to the Greffier of the States who has a duty to lay before the States Assembly.</p>	<p>The accounts of the Comptroller and Auditor General shall be audited by the auditors appointed by the Chairman of the Public Accounts Committee, after consultation with the Board of Governance of the Office.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Office of the Financial Services Ombudsman (OFSO)</p> <p>Paragraph 1, Schedule 2, Financial Services Ombudsman (Jersey) Law 2014</p>	<p>A report on 'its operations'. Submission to the Minister for Economic Development, Tourism, Sport and Culture who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the OFSO for the period and of the state of the OFSO's affairs at the end of the period'. Submission to the Minister for Economic Development, Tourism, Sport and Culture who has a duty to lay before the States Assembly.</p>	<p>The accounts of the OFSO must be audited by auditors appointed in respect of each financial year by the board and qualified for appointment as auditors of a company by virtue of Article 113 of the Companies (Jersey) Law 1991.</p>
<p>Police Complaints Authority</p> <p>Article 29(4), Police (Complaints and Discipline) (Jersey) Law 1999</p>	<p>A report on 'the discharge of the Authority's functions during the year.' Submission to the Minister for Home Affairs who has a duty to lay before the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Public Employees' Pension Fund</p> <p>Regulation 21, Public Employees (Pension Scheme) (Administration) (Jersey) Regulations 2015</p>	<p>A report including:</p> <p>(a) a statement [...] about the management and financial performance of the fund during the year;</p> <p>(b) a statement [...] explaining the investment policy in respect of the fund and reviewing investment performance during the year;</p> <p>(c) a statement of the Actuary of the assets and liabilities of the fund and the level of valuation disclosed at the last valuation of the fund [...];</p> <p>(d) a report dealing with the extent to which the Administrator and employers have met administration performance standards set out in the published pension administration strategy [...]</p> <p>Duty to publish the report.</p>	<p>Duty to prepare accounts including a 'balance sheet and profit and loss account with supporting notes and disclosures prepared in accordance with generally accepted accounting practices'.</p> <p>Duty to include in the published annual report.</p>	<p>The Comptroller and Auditor General (within the meaning of Article 1(1) of the Comptroller and Auditor General (Jersey) Law 2014) must appoint auditors to audit the fund accounts.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>States Assembly</p> <p>Standing Order 128, Para (i), Standing Orders of the States of Jersey</p>	<p>The States Assembly's Privileges and Procedures Committee has the statutory duty to prepare a report on 'the work of the States and of committees and panels established by standing orders'. Submission to the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>
<p>States Employment Board</p> <p>Article 11, Employment of States of Jersey Employees (Jersey) Law 2005</p>	<p>A report on 'the Board's activities under [the Employment of States of Jersey Employees (Jersey) Law 2005] during the year.' Submission to the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>States of Jersey</p> <p>Articles 31 and 37, Public Finances (Jersey) Law 2019</p> <p>Article 12, Comptroller and Auditor General (Jersey) Law 2014</p>	<p>The Jersey Financial Reporting Manual sets out provisions for the form and content of the Annual Report and Accounts.</p>	<p>The Treasurer must, within 3 months of the end of the financial year -</p> <ul style="list-style-type: none"> (a) prepare a financial statement in respect of the accounts of the States for that financial year; and (b) send the statement to the C&AG for auditing 	<p>When the annual financial statement in respect of the accounts for the States for a financial year is sent to the C&AG by the Treasurer in accordance with Article 37(b) of the Public Finances Law 2019, the C&AG must ensure -</p> <ul style="list-style-type: none"> (a) that an audit is completed, whether by the C&AG or whether by a person appointed by the C&AG for the purpose; (b) that a certificate from the person carrying out the audit is attached to the statement; and (c) that the statement with the attached certificate and any note mentioned in paragraph (3) are forwarded to the Minister for Treasury and Resources, before the end of the period of 5 months after the end of the financial year.

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>States of Jersey Police and Police Authority</p> <p>Article 20, the States of Jersey Police (Jersey) Law 2012</p>	<p>The Police Authority is required to produce a report 'which must provide a review of -</p> <p>(a) the manner in which the provisions of the Annual Policing Plan, for the financial year have been addressed; and</p> <p>(b) the performance of the States Police Force generally.'</p> <p>Submission to the Minister for Home Affairs who has a duty to lay before the States Assembly.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>
<p>Statistics Jersey</p> <p>Statistics and Census (Jersey) Law 2018</p>	<p>No requirement to produce an annual report.</p>	<p>Not applicable - financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.</p>	<p>No requirement for audit or assurance outside of the States of Jersey audit.</p>

Entity name and relevant legislation	Annual report requirement	Accounts requirement	Audit arrangements
<p>Tenancy Deposit Scheme</p> <p>Regulation 9 of the Residential Tenancies (Deposit Scheme) (Jersey) Regulations 2014</p>	<p>Within 3 months of each anniversary of the start of a scheme, provide a report that -</p> <p>(a) sets out details of the scheme as at that anniversary, including in particular the total value of payments into the scheme, the number of deposits held by the scheme, their total value the interest earned on the deposits and the values of payments out of the scheme for each of the uses referred to in Regulation 8; and</p> <p>(b) generally comments on the manner in which the scheme has worked over the year ending on that anniversary</p> <p>The scheme administrator must provide to the Minister, in accordance with the directions of the Minister, such information, in respect of the administrator, the scheme, the scheme account and the operation of the scheme and the scheme account, as the Minister may specify in the directions.</p> <p>Submission to the States Assembly.</p>	<p>No requirement for annual accounts.</p>	<p>No requirement for audit.</p>

Appendix 2 – Summary of recommendations and areas for consideration

Reporting by States established and States controlled entities

Recommendation

- R1.** Establish a consistent framework for the production of annual reports and accounts for States established and States controlled entities.

Area for consideration

- A1.** Establish a consistent definition in legislation of States established and States controlled entities and place a duty on the Minister for Treasury and Resources to specify by Order the entities that meet the definition.

Entities to which the C&AG appoints auditors

Recommendations

- R2.** Amend legislation to give the C&AG a power to appoint auditors of financial statements of all entities established or controlled by the States (other than companies).
- R3.** Codify in legislation the existing arrangements for the preparation of the financial statements of the Jersey Dental Scheme.
- R4.** Establish a consistent statutory framework relating to the responsibilities and powers of auditors appointed by the C&AG.
- R5.** Update legislation to recognise the C&AG as the 'competent authority' for the regulatory oversight of the auditors she appoints.

Area for Consideration

- A2.** Consult with relevant stakeholders on amending legislation to give the C&AG the power to appoint auditors to States controlled companies who exercise functions of a public nature or are substantially funded from public money.

Assurance arrangements for other States established and States controlled entities

Recommendations

- R6.** Introduce a consistent set of minimum requirements for the annual reports of other States established and States controlled entities. These requirements should include appropriate reporting of annual financial information.
- R7.** Introduce a requirement for Statistics Jersey to produce an annual report.

Area for consideration

- A3.** Consider whether to introduce a requirement for all States established and States controlled entities to produce standalone financial statements prepared under a suitable accounting framework, such as FRS102.

The assurance framework

Areas for consideration

- A4.** For entities established or controlled by the States with expenditure not exceeding a defined threshold based on expenditure per year, introduce a requirement for an independent examination to be undertaken in accordance with Directions made by the C&AG. This will replace the requirement for an external audit where such a requirement currently exists.
- A5.** Where applicable, give power to the C&AG to appoint independent examiners to States established and States controlled entities with expenditure not exceeding a defined threshold per year.
- A6.** For entities established or controlled by the States with expenditure in excess of a defined threshold per year, introduce the requirement for an audit by an auditor appointed by the C&AG once a requirement for the production of financial statements has been introduced.

Governance of the Office of the C&AG

Recommendations

- R8.** In addition to other safeguards, introduce a role for the Board of Governance in any consideration of the revocation of the appointment of the C&AG.
- R9.** Introduce a statutory limitation on the liability of independent members of the Board of Governance or equivalent indemnity.
- R10.** Increase the maximum number of independent members of the Board of Governance to four.



JERSEY AUDIT OFFICE

LYNN PAMMENT

Jersey Audit Office, de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT
T: +44 1534 7168800 E: enquiries@jerseyauditoffice.je W: www.jerseyauditoffice.je