STATES OF JERSEY

DRAFT COMPTROLLER AND AUDITOR GENERAL (JERSEY) AMENDMENT LAW 202- (P.11/2026): COMMENTS

Presented to the States on 3rd March 2026
by the Corporate Services Scrutiny Panel

STATES GREFFE

COMMENTS

Introduction and Context

1. The proposition entitled *Draft Comptroller and Auditor General (Jersey) Amendment Law 202-* [P.11/2026] – ("the draft Law"), aims to amend the Comptroller and Auditor General (Jersey) Law 2014 ("the 2014 Law") in order to "*strengthen governance, accountability and transparency of public audit in Jersey*."[1]

2. The 2014 Law governs the statutory role of the Comptroller and Auditor General ("the C&AG"), whose remit allows for the "*audit of financial statements and wider consideration of public funds including internal financial control, value for money and corporate governance*"[2].

3. The draft Law proposes the following key changes to the 2014 Law:

   a. Articles 3 to 7: Set out that the draft Law will require the Chief Minister and the Chair of the Public Accounts Committee ("the PAC") to take into account and consider the "*views and recommendations*" of the Jersey Audit Office's ("the JOA") Board of Governance ("the Board") and the Jersey Appointments Commission, in relation to the appointment, terms of appointment and revocation of the appointment of the C&AG.[3]
   b. Article 9A: Confirms that a person acting as an "*officer, employee or agent of the C&AG*" is treated as a member of the C&AG's staff for the purposes of the 2014 Law, even if they hold a contract of employment with the States Employment Board and are a "*States' employee*".[4]
   c. Article 10: Provides the Board with the same statutory limitation of liability as the C&AG and the C&AG's employees, in relation to liability for damages arising from the discharge of functions of the JAO to "*enhance its protections to act independently, in the same manner as the C&AG*".[5]
   d. Article 18: Requires the C&AG to consult with the Chief Minister, the Minister for Treasury and Resources and all "*independently audited States bodies and States-aided independent bodies*" before finalising any revisions to the C&AG's Code of Practice ("the Code"). [6]
   e. Article 19: Introduces a requirement that the C&AG prepares and publishes an "*Annual Report of Findings*" in line with the principles set out by the International Organisation of Supreme Audit Institutions ("the INTOSAI"). The Panel understands that the introduction of an Annual Report of Findings will improve the "*mechanisms available to the C&AG for holding public bodies to account*".[7]

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[1] Draft Comptroller and Auditor General (Jersey) Amendment Law 202-
[2] About the Jersey Audit Office – Jersey Audit Office
[3] Draft Comptroller and Auditor General (Jersey) Amendment Law 202-
[4] Ibid
[5] Ibid
[6] Ibid
[7] Ibid

f. Article 27A: Introduces a "*Regulation-making power*" to enable the future States Assembly to provide an extension of the *"C&AG's power to appoint auditors and independent examiners for arm's length organisations*", if it chooses to do so.[8]

4. The proposed changes to the 2014 Law follow recommendations made by the C&AG in a report entitled 'Mid-Term Reflections' [R.120/2023] ("Mid-Term Reflections"), presented to the States Assembly in July 2023. The C&AG in her Mid-Term Reflections, recommended changes that "*would result in wider duties and powers for the C&AG to appoint auditors and independent examiners to more entities, as well as enhanced independence and enhanced oversight and accountability arrangements for the C&AG*".[9]

5. On 15th September 2023, the PAC presented the previous Government's Executive Response [R.120/2023. Res.] to the C&AG's Mid-Term Reflections. The previous Government accepted all 15 of the recommendations made by the C&AG to improve the 2014 Law.

6. The Panel understands that the draft Law aims to implement the key recommendations made by the C&AG in her Mid-Term Reflections that "*enhance the independence, oversight, and accountability arrangements"* for the C&AG and the JAO.[10]

7. However, whilst the Government states in the report accompanying the draft Law that recommendations deemed to "*not justify potential additional costs, administration and workload*"[11] have not been implemented, the Panel also understands that there is scope for full implementation of the C&AG's recommendations by a future States Assembly, through the inclusion of a "*Regulation-making power*" within Article 27A of the draft Law.

Scrutiny of the proposals

8. The Panel received a private briefing on the draft Law proposals from Government on 26th January 2026. The briefing provided the Panel with additional context about the purpose of the proposals, the key legislative changes, the implications for audit practices and reporting, the future powers proposed within the draft Law, stakeholder feedback and the financial and resource implications of the draft Law.

9. Following its briefing, and to further inform its scrutiny of the proposed changes, the Panel requested the feedback and views of the C&AG and the PAC on the draft Law. As key stakeholders, the Panel sought their views on the implementation of the C&AG's recommendations, any concerns about the draft Law as well as the independence, oversight and accountability for the C&AG and the JAO. The Panel also wished to explore the consultation undertaken in relation to the draft Law.

[8] Ibid
[9] Mid-Term Reflections – 31st July 2023
[10] Draft Comptroller and Auditor General (Jersey) Amendment Law 202-
[11] Ibid

10. The Panel wrote to the C&AG and the PAC on 2nd February and received a response from the C&AG on 5th February, and a response from the PAC on 12th February.

Implementation of the C&AG's Recommendations

11. The Panel considered the extent to which the current Government accepted the C&AG's recommendations published in the Mid-Term Reflections and implemented these within the draft Law.

12. The Panel learned during its briefing on the proposals, that two changes requested by the C&AG in her Mid-Term Reflections had not been implemented within the draft Law. It was advised that this included Recommendation 6, whereby it was recommended that the legal nature of the JAO, and whether the JAO has a 'legal personality', be clarified through legislative updates. It was also advised that the Government believed the current Board arrangements for the JAO worked sufficiently well, and that it would be challenging to maintain checks and balances if the 'legal personality' of the JAO was updated to a 'body corporate'[12].

13. The Panel asked about the arrangements governing C&AGs in other jurisdictions. It was advised that the United Kingdom's National Audit Office was established as a body corporate and its C&AG as a corporate sole, who reported to the UK parliament. It was also advised that most public auditors across the UK held corporation sole status for the C&AG, and body corporate status for the office of the public auditor.

14. Additionally, the Panel learned that Recommendation 15 had not been implemented by the draft Law proposals. It was advised that Recommendation 15 recommended that the C&AG be granted the power to apply directly to the States Assembly for resources in situations where the C&AG and PAC Chair could not reach an agreement on resources for the C&AG. It was also advised that the current Government did not accept the change in approach proposed within Recommendation 15, and that historically there had not been any instances of disagreement between the PAC Chair and the C&AG in relation to the C&AG's resourcing and budget.

15. In written correspondence, the Panel asked for the C&AG's views about the extent to which key recommendations from the Mid-Term Reflections had been implemented within the draft Law. In the C&AG's response, the Panel was assured that whilst the draft Law does not implement "*all of the recommendations relating to C&AG powers and duties in full*",[13] the inclusion of a Regulation-making power would empower the States Assembly to fully implement the C&AG's recommendations in the future.

16. The C&AG also provided an overview of the rationale for the recommendations made in her Mid-Term Reflections and highlighted that an updated Memoranda of Understanding for "*wholly owned States controlled entities*" published by the

[12] Bodies Corporate: "*Body corporate' includes companies with limited or unlimited liability, companies limited by guarantee, charter companies and bodies created by statute*" – gov.uk
[13] Correspondence – Comptroller and Auditor General – 5th February 2026

Minister for Treasury and Resources in September 2025[14], would require such entities to "*consult with the C&AG on the appointment of auditors*". The C&AG informed the Panel and that this would deliver "*some of the benefits*" set out in the Mid-Term Reflections.[15]

Independence, oversight and accountability

17. The Panel was informed about the key legislative changes proposed within the draft Law in relation to their impact on the "*independence, oversight and accountability arrangements*" for the C&AG and the JAO, during its briefing on the proposals.

18. The Panel was advised that the proposed changes included the C&AG appointment process, the role of the Board's independent members and their appointment by the States Assembly to ensure accountability and oversight for the C&AG and strengthened checks and balances resulting from the proposed changes, to promote transparency and reduce the risk of unilateral decisions affecting the independence of the C&AG.

19. The Panel was provided with an overview of the status of the C&AG's staffing and employment arrangements. It was advised that updates included changes to the definition of the C&AG's staff, providing a balance between the operational flexibility and independence of the JAO and clarification that the C&AG is not an employee of the States of Jersey.

20. The Panel was informed that further changes include updates to the limitation of civil liability of the JAO, by expanding civil liability to the Board and aligning the JOA with the protections in place for the C&AG and the C&AG's staff. It was advised that limitations on the civil liability of the Board would safeguard the independence of the Board, ensuring that it can provide effective oversight without fear of legal repercussions.

21. The Panel was also provided with an overview of the changes proposed to audit practice and reporting in relation to the draft Law. It was advised that changes to the C&AG's Code included a requirement for consultation with key Government officials and audited bodies prior to revisions to the Code, that the consultation process for the Code would enhance transparency and accountability and that audit standards would be developed with stakeholder input whilst preserving auditor independence.

22. The Panel was advised that the introduction of a requirement to produce an Annual Report of Findings would align with INTOSAI principles, summarise audits and enable the tracking of the C&AG's recommendations as well as monitoring the progress of C&AG recommendations to enhance transparency and accountability. It was also advised that an Annual Report of Findings would ensure that in future, continuity in audit practices would be maintained, and would reinforce governance stability.

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[14] Report – The Updated Memoranda of Understanding With The Wholly Owned States-Owned Entities [R.143/2025]
[15] Correspondence – Comptroller and Auditor General – 5th February 2026

23. The briefing also included an overview of the financial and resource implications of the draft Law proposals. It was advised that at present, the draft Law had no new financial or manpower resource implications and that the Annual Report of Findings requirement would formalise current practices without the need for additional resources. However, the Panel was also advised that the introduction of future regulations under the Article 27A "*Regulation-making order*" of the draft Law, may have resource implications, and that assessments of the potential resource implications would be made prior to implementation of any future regulations proposed under Article 27A.

24. The Panel wished to know if the draft Law proposals sought to provide more independence to the C&AG. It was advised that a key aspect of the draft Law was to clarify the independence of the C&AG to enter binding contracts, and to resolve potential governance issues that might arise under the current arrangements. It was also advised that the recommendations made in the Mid-Term Reflections addressed practical concerns, that included reducing the "*risk of effective or perceived effective control as the C&AG would not be reliant on anybody else to enter into contracts*[16]".

25. In written correspondence to the C&AG, the Panel followed up on whether the Government's implementation of the remaining recommendations from the Mid-Term Reflections, would enhance "*independence, oversight and accountability"* for the C&AG and the JOA. In the C&AG's response, the Panel was assured to learn that the draft Law "*implements all of the seven recommendations*" relating to independence, oversight and accountability "*in full*". [17]In the PAC's written response, the Panel also learned that the PAC agreed that the draft Law will "*make material steps to enhance the independence, oversight, and accountability arrangements*".[18]

26. Furthermore, the Panel sought to identify whether the C&AG has any concerns about the proposals contained within the draft Law and was assured to learn that the C&AG does "*not have any concerns about the impact of the proposals*" on the role of the C&AG or the JOA. Additionally, the C&AG informed the Panel that the draft Law will enable the JOA to "*progress the implementation of an updated operating model*" to "*further enhance its contribution to Island outcomes*".[19]

Consultation and Engagement

27. The Panel considered the consultation and stakeholder engagement undertaken in relation to the recommendations published in the C&AG's Mid-Term Reflections and the draft Law.

28. During the briefing, the Panel learned that key stakeholders' concerns about the proposals included:

[16] Mid-Term Reflections – Comptroller and Auditor General [R.120/2023]
[17] Correspondence – Comptroller and Auditor General – 5th February 2026
[18] Correspondence – Public Accounts Committee – 12th February 2026
[19] Correspondence – Comptroller and Auditor General – 5th February 2026

a. Concerns about maintaining auditor independence with the C&AG's expanded appointment powers
b. Governance issues in relation to granting the C&AG full authority to appoint auditors
c. Concerns about the added administrative workload; and
d. The inclusion of the "*Regulation-making order*" to allow future reform without the need for full legislative changes.

29. To broaden its understanding of the concerns raised by stakeholders, the Panel requested more information in written correspondence to the C&AG about the consultation exercise carried out with organisations that would be impacted by the C&AG's appointment of auditors under the draft Law. In the C&AG's response, the Panel was informed that the C&AG had held "*two webinars for entities affected by the recommendations*" in September 2023, and that "*structured written feedback*" was requested from all 25 entities affected by the recommendations, of which 18 provided responses.[20]

30. The Panel understands that the "*overall tone of the feedback*" provided by entities affected by the C&AG's recommendations, was not supportive of the proposals. However, the C&AG highlighted in the response to the Panel that of the 12 entities that had expressed concerns during the consultation, eight had suggested a *"range of alternatives that could be considered."*[21]

31. The C&AG provided the Panel with more information about the themes that had emerged from the stakeholder concerns:

a. "group audit arrangements were not perceived as needing to be improved
b. existing arrangements were considered to be robust
c. there was a perceived loss of power for the Board of the entity
d. a desire to understand how the recommendations would sit alongside the UK Corporate Governance Code
e. a perception that additional resources may be required
f. a perception that existing regulatory arrangements over audit firms are sufficient
g. sufficient public accountability was perceived to be in place
h. the entity is unique, and/or is not controlled by the States and/or does not receive public funding
i. a perception that new arrangements would preclude local audit firms; and
j. assurance was requested over the quality of auditors to be appointed."[22]

32. However, the Panel was assured to learn that the C&AG believed that the stakeholder concerns raised during the consultation can be addressed with "*sufficient mitigations*" to ensure that "*concerns raised would not arise in*

[20] Correspondence – Comptroller and Auditor General – 5th February 2026
[21] Ibid
[22] Ibid

practice" if the reflections published in the Mid-Term Reflections are fully implemented by a future States Assembly. [23]

Conclusion

33. The Panel is supportive of the proposals under the draft Law, and the steps taken by Government to implement the C&AG's key recommendations published in the Mid-Term Reflections. Whilst the Panel notes that not all the C&AG's recommendations are fully accepted or implemented by Government, the Panel is assured that meaningful steps have been taken within the proposals to "*strengthen governance, accountability and transparency of public audit in Jersey",* and that the proposals are supported by both the C&AG and the PAC.

34. The Panel is also assured that the draft Law will allow for a future States Assembly to fully implement the C&AG's recommendations as set out in the Mid-Term Reflections, if it elects to do so through the Regulation-making power contained within Article 27A of the draft Law.

35. The Panel acknowledges the concerns raised by stakeholders during the consultation on the C&AG's recommendations, particularly in relation to the C&AG's appointment of auditors for States Owned Entities. However, the Panel has been assured by the C&AG that these concerns could be addressed through "*sufficient mitigations*", if in future the C&AG's recommendations are fully implemented.

[23] Ibid