Deputy Helen Miles
Chair
Corporate Services Scrutiny Panel

By email

5 February 2026

Dear Deputy Miles

Draft Comptroller and Auditor General (Jersey) Amendment Law 202-

Thank you for your letter of 2 February 2026 requesting my feedback and views on the draft Comptroller and Auditor General (Jersey) Amendment Law 202- (the draft Law) and its development.

I set out below my response to the specific areas on which you have requested my views:

1. The draft Law states that "Recommendations which the Government considers do not justify potential additional costs, administration and workload have not been implemented". What are your views about the extent to which Government has implemented the key recommendations made in your report entitled 'Mid-Term Reflections ('R.120/2023')?

Of the 15 recommendations in my *Mid-Term Reflections* (July 2023), 11 recommended updates to legislation. Of these 11 recommendations, four related to C&AG powers and duties (R1-R4), four related to arrangements to ensure the independence of the C&AG (R6, R7, R8 and R10) and three related to oversight and accountability arrangements (R11, R12 and R15).

While not implementing all of the recommendations relating to C&AG powers and duties in full, the draft Law contains provisions that enable the implementation in the future by allowing the Minister for Treasury and Resources to specify by Order the bodies for which the C&AG may appoint auditors or independent examiners.

The rationale for the recommendations made in my *Mid-Term Reflections* included that:

- the recommendations had been made on a similar basis by the Office of the C&AG over a period of ten years but had not been implemented by Government
- independent appointment of auditors is a fundamental principle of effective public audit. The Public Audit Forum[1] Principles of Public Audit recognise that an independent process for the appointment of auditors is one way of safeguarding the independence of public sector auditors
- 80% of those that responded to the 2020 public consultation undertaken as part of the C&AG's January 2021 Thinkpiece *Public Audit in Jersey* agreed that 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
- there is an inconsistency and a lack of rationale and underpinning framework as to the entities to which the C&AG currently has a duty to appoint auditors
- there is an opportunity to introduce an independent examination regime for smaller entities rather than require a full audit. Implementing such a regime would reduce the cost burden on smaller entities
- there are benefits to the States of Jersey and to States controlled and States established entities if the C&AG is given the duty to appoint independent examiners and auditors. These include:
    - the ability for entities to benefit from expertise in the procurement of external audit services and have confidence in the appointments that are made

[1] The Public Audit Forum (PAF) was established in 1998. It brings together all the UK's public audit organisations to provide a focus for developmental thinking about public audit www.public-auditforum.org.uk

- greater assurance as to the quality of the audits that are being conducted across States controlled and States established entities through application of a consistent Audit Quality Framework
- efficiencies that may potentially be generated by having one auditor appointed for the whole of the States of Jersey Group
- increased confidence that Jersey is meeting international best practice standards set out in the Principles of the International Organization of Supreme Audit Institutions (INTOSAI); and
- increased confidence that Jersey is meeting best practices as adopted by other similar sized jurisdictions.

In September 2025, the Minister for Treasury and Resources published updated Memoranda of Understanding for the wholly owned States controlled entities. Under the updated Memoranda of Understanding these entities are now required to consult with the C&AG on the appointment of auditors. This will deliver some of the benefits outlined above.

2. Do you feel that the draft Law sufficiently implements the remaining recommendations you made within R.120/2023, and that this will "enhance the independence, oversight, and accountability arrangements for the C&AG and Jersey Audit Office"?

The draft Law implements all of the seven recommendations relating to independence, oversight and accountability arrangements for the C&AG and the Jersey Audit Office in full.

3. Do you have any concerns about the proposals contained within the draft Law and their impact on the role of the C&AG and the Jersey Audit Office?

I do not have any concerns about the impact of the proposals contained within the draft Law on the role of the C&AG and the Jersey Audit Office.

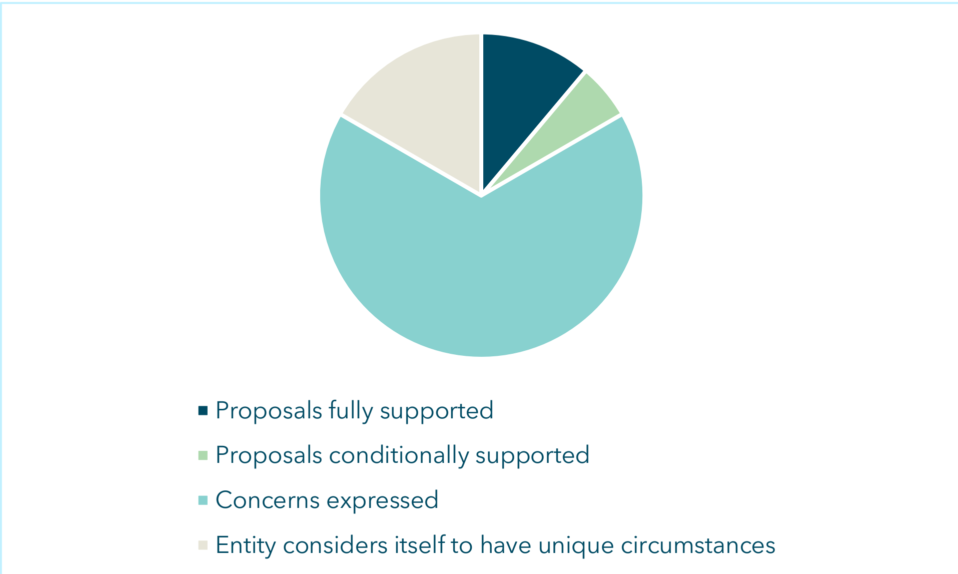
The draft Law will enable the Jersey Audit Office to progress the implementation of an updated operating model that will further enhance its contribution to Island outcomes.

4. *The Panel understands that a consultation exercise was carried out with organisations that were concerned with the C&AG's appointment of auditors, in relation to the proposed changes within the draft Law. Please could you share the outcome of that consultation exercise?*

I held two webinars for entities affected by the recommendations on 18 and 19 September 2023. The purpose of the webinars was to explain the rationale behind the recommendations and to listen to the immediate comments of the entities concerned. In addition, I invited structured written feedback from all of the 25 entities affected by the recommendations.

Feedback was received from 18 out of the 25 entities affected. Exhibit 1 summarises the overall tone of the feedback received from these 18 entities.

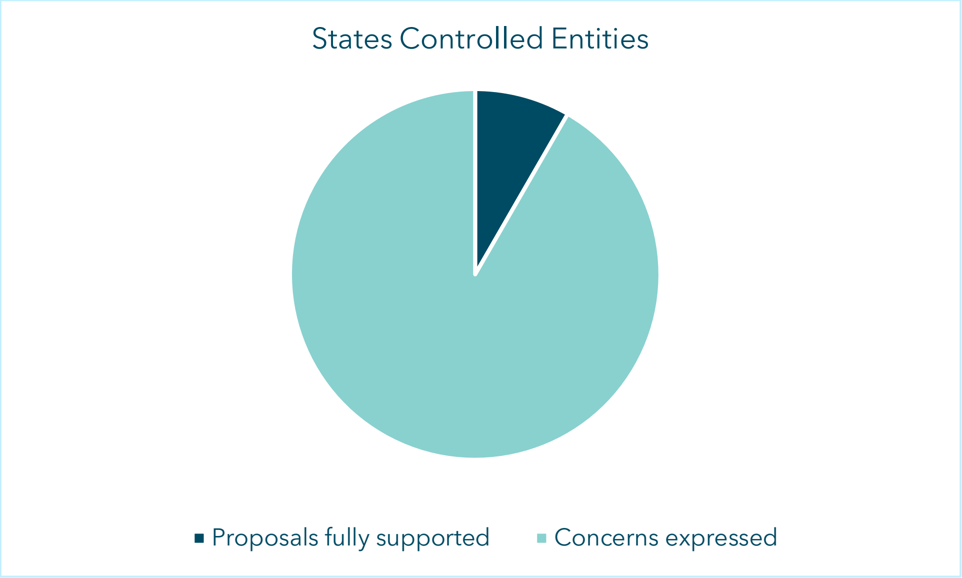
Exhibit 1: Overall tone of the feedback received

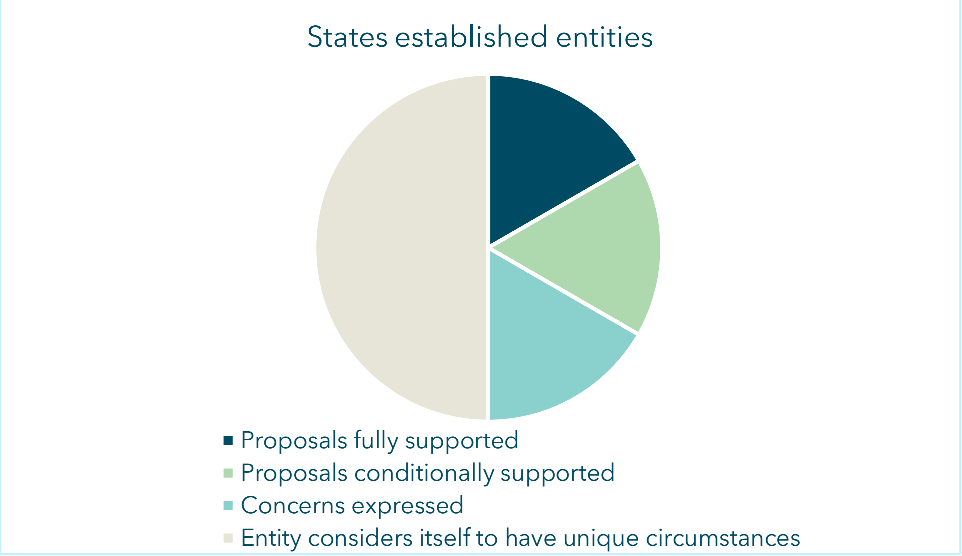


Of the 12 entities that responded and expressed concerns, eight suggested a range of alternatives that could be considered.

Exhibit 2 breaks down the overall tone of responses further by categories.

Exhibit 2: Overall tone of responses by category





The themes associated with the concerns expressed were as follows:

- group audit arrangements were not perceived as needing to be improved
- existing arrangements were considered to be robust
- there was a perceived loss of power for the Board of the entity
- a desire to understand how the recommendations would sit alongside the UK Corporate Governance Code
- a perception that additional resources may be required

- a perception that existing regulatory arrangements over audit firms are sufficient
- sufficient public accountability was perceived to be in place
- the entity is unique, and/or is not controlled by the States and/or does not receive public funding
- a perception that new arrangements would preclude local audit firms; and
- assurance was requested over the quality of auditors to be appointed.

I am of the view that sufficient mitigations could be implemented to ensure that the concerns raised would not arise in practice if the recommendations in my *Mid-Term Reflections* were implemented in full.

5. To what extent were consultees supportive of the changes proposed under the draft Law?

Please see the exhibits above and the answer to question 4.

I have consulted with the Board of Governance for the Jersey Audit Office in preparing this response.

In conclusion, both the Board of Governance and I am supportive of the draft Law as it:

- provides the potential to implement in full the recommendations contained in my *Mid-Term Reflections* (July 2023)
- enhances the independence, oversight and accountability arrangements for the C&AG and the Jersey Audit Office; and
- enables the Jersey Audit Office to implement an operating model that further enhances its contribution to Island outcomes.

If you would like to discuss any aspect of this response, please do not hesitate to contact me.

Yours sincerely

Lynn Pamment

Lynn Pamment CBE
Comptroller and Auditor General