

Board of Governance of the Comptroller and Auditor General

MEETING

held on 24 July 2024 at 10:00

by video conference

MINUTES

Present	Grace Nesbitt	Chair
	Russel Griggs	Senior Independent Member
	Rob Tinlin	Independent Member
	Peter Pichler	Independent Member
	Lynn Pamment	Comptroller and Auditor General
In attendance	Andrea White	Secretary to the Board of Governance (for Items 01 to 06 and 09 to 19)
	Helen Thompson	Deputy Comptroller and Auditor General (for Items 01 to 06 and 09 to 19)
	Rozena Pedley	Communications Officer (for Item 12)
Apologies for absence	None	

24/23 Item 01: Declarations of interests

The Board received a report from the Secretary to the Board highlighting that the only change to the register since the last meeting is that Peter Pichler's declarations had been added to the Register.

Rob Tinlin declared an interest in Agenda Item 10 Recruitment to the Board of Governance Chair and Member.

The Board:

- **noted the report**
- **agreed that Rob Tinlin should absent himself from the meeting during the Board discussion under Item 10 on this Agenda**
- **agreed that items 06 and 07 on the agenda should be discussed in camera, without the presence of the Board Secretary and the Deputy Comptroller and Auditor General.**

24/24 Item 02: Chair's update

The Chair:

- noted that the communications updates from the Government of Jersey were no longer being compiled
- that under item 05 the board should give some thought to how it demonstrates the values set out in the Board Code of Conduct

The Board noted the Chair's update.

24/25 Item 03: Minutes of the meeting held on 29 April 2024

The Board received and, subject to the correction of Peter Pichler's name, agreed to adopt the minutes of the meeting of the Board held on 29 April 2024.

24/26 Item 4: Risk register

The Board received a report on the risk register highlighting key changes to the format of the register following a comprehensive review. The Board welcomed the changes, noting that:

- risks are now better aligned to Board and Office objectives
- incorporate developments in risk management best practice including the assessment of risk appetite and aspirational risk; and
- the revision of the register is work in progress and the Board would have an opportunity to consider the register in more depth during its visit to the Island in October 2024 when a separate meeting on risk would be arranged.

The Board made the following observations:

- the Board should consider focusing on risks that are out of appetite
- there is both a Board risk and an operational risk relating to whether the Office has sufficient resources to deliver its program of work to the quality and range expected
- the new register is a valuable management tool to help maintain focus on operational priorities
- risk tolerance should be balanced with the resource required to reduce the risk rating
- the ratings for risk BG01 and BG05 should be reviewed and updated
- the level of Board remuneration remains a risk as it may impact the quality of candidates available to the Board; and
- some recognition of the controllability of risks should be captured within the register.

The Board:

- noted the changes made to the risk register since the last meeting
- requested that management note its observations on the risk register; and
- the Board of Governance risks be updated.

24/27 Item 05: Board Code of Conduct and annual declarations

The Board received a report on proposed changes to the Board Code of Conduct now incorporating:

- the JAO values
- INTOSAI standards
- the JAO updated Travel policy; and
- a new annual declaration for Board members to confirm they comply with the Code, including any applicable laws, regulations and conventions.

The Board noted the latest guidance from the Jersey Financial Services Commission (JFSC) regarding the Proceeds of Crime (1999) legislation considered by the Board at its meeting on 25 October 2023.

The Board made the following observations on the Code:

- there is no ethical standards commission within Jersey which oversees the consistency and compliance with such governance codes
- an independent review of the Boards effectiveness was undertaken in 2020 providing a degree of independent oversight. A further independent view is due to be scheduled
- there is currently a great deal of repetition within the Code relating to expected behaviours and these should be streamlined
- the C&AG values need to be adjusted for the Board as not all are applicable to Board responsibilities; and
- the Board should consider whether it has demonstrated the expected behaviours at the end of each meeting.

The Board:

- **requested that the Code be updated and streamlined and brought back to the October 2024 meeting**
- **Board members should send any further detailed comments on the Code to the Board secretary**
- **at the October 2024 meeting the Board should also consider whether it would be appropriate to consider whether it has demonstrated the expected behaviours at the end of each meeting**
- **agreed to complete individual declarations for 2024 based on the existing Code.**

24/28 Item 06: Update on the new C&AG Law

The Board received a report setting out the Government of Jersey's proposed changes to the C&AG Law. The C&AG highlighted that:

- the Law Drafting Instructions had been received for comment and were attached to the Board paper at Appendix 06A
- recommendations from the Mid-Term Reflections were accepted in principle by the Government
- Government indicated that it wished to consult further with entities affected by them; and
- Government did not propose to amend legislation to give the C&AG a duty to appoint auditors of all entities established or controlled by the States who are required to publish financial statements. The intention is to amend the 2014 Law to include a list of bodies for which the C&AG currently appoints auditors, although the list of bodies would not be extended at this time.

The Board welcomed the report and noted that many of the recommendations made in the Mid-Term Reflections report are addressed by the proposed amendments. It was disappointed that there was no proposal to add additional bodies to the C&AG's remit at this time, considering this to be out of line with international standards and other audit jurisdictions. It noted that the Law proposals would also be considered by the Public Accounts Committee (PAC) and the Corporate Services Scrutiny Panel.

The Board also discussed Government's appetite to agree a Memorandum of Understanding for the provision of financial systems and support by the Government of Jersey to the Office of the C&AG.

The Board:

- **noted the report and reviewed the proposed changes to the Law**
- **agreed that the Chair of the Board should write on behalf of the Board to PAC setting out its comments on the proposed Law amendments.**

Andrea White and Helen Thompson were not present for Items 07 and Item 08

24/29 Item 07: Estimates for the Office of the Comptroller and Auditor General

The Board received a report setting out a request from the Minister for Treasury and Resources to all Government Accountable Officers to seek savings from their proposed 2025 expenditure. In relation to the C&AG's Office, the request was supported by the Chair of PAC.

The Board noted that the C&AG had reviewed the 2025 budget and had written to the Chair of PAC proposing the level of savings that could be applied to Jersey Audit Office expenditure, excluding expenditure on the States of Jersey annual accounts audit.

The Board noted the report and agreed the proposed savings.

24/30 Item 08: Update on Jersey Audit Office operating model

The Board received and discussed a report on the Jersey Audit Office operating model.

The Board endorsed the proposed way forward.

24/31 Item 09: Matters arising

The Board received and noted a report from the Secretary to the Board.

Rob Tinlin left the meeting for Items 10

24/32 Item 10: Recruitment to the Board of Governance Chair and Member

The Board received a report advising of Board of the progress made on the recruitment of a new Chair and Independent member of the C&AG Board which included:

- that a recruitment consultant had been appointed
- an updated recruitment timetable
- that the recruitment panel was in place
- an update on the number of board members to be recruited
- an update on board remuneration; and
- the interest from prospective candidates to date.

The Board:

- noted the report
- noted that when the new Board was in place, it would need to consider who should fill the designated position of Senior independent member.

Rob Tinlin rejoined the meeting

24/33 Item 11: Comptroller and Auditor General's report

The Board received a report from the Comptroller and Auditor General focussing on progress to date against the JAO Strategy 2024-2027, including activities relating to the following strategic aims:

- high performing audit organisation - progress on the work programme for 2024
- supporting effective scrutiny and accountability - implementation of recommendations, liaison with PAC and stakeholder engagement
- making a difference - corporate social responsibility, planning for the 20th Anniversary year (2025); and
- building a better organization.

The Board noted the report and welcomed reporting against the JAO 2024-2027 strategic aims.

The Communications Officer joined the meeting for Item 14

24/34 Item 12: External communications

The Board received a report from the Communications Officer covering:

- media coverage
- planned reviews
- events
- JAO website; and
- looking ahead

The Board noted the presentation.

The Communications Officer left the meeting

24/35 Item 13: Finance update

The Board received a report from the Finance Officer detailing:

- performance against budget for the 4 months to April 2024
- performance against budget for the 6 months to June 2024
- finance issues; and
- project budgets and outturn for 2024 work programme.

The Board discussed and noted the ongoing issues arising from the application of the Government of Jersey's new financial systems.

The Board noted the report.

24/36 Item 14: Audit quality framework

The Board received a report from the Deputy Comptroller and Auditor General (DC&AG) detailing:

- procurement and appointment of auditors of financial statements
- audit quality monitoring activity; and
- stakeholder survey action plan.

The Board discussed:

- bidders for external audit contracts; and
- stakeholder feedback.

The Board noted the report and suggested that stakeholder feedback could be discussed with Government of Jersey Officers.

24/37 Item 15: Jersey Audit Office policies

The Board received a progress report from the Board Secretary on the review and development of JAO policies.

The Board noted that there a number of policies are to be considered at its October 2024 meeting and none are expected to contain fundamental changes.

The Board noted the report.

24/38 Item 16: Schedule of potential changes in legislation and advice sought from H M Attorney General

The Board received a report from the Comptroller and Auditor General and noted that a separate update on draft legislation to amend the Comptroller & Auditor General (Jersey) Law 2014 had been considered earlier in the agenda.

The Board noted the report.

24/39 Item 17: Gifts and hospitality register

The Board noted there had been no new entries in the gifts and hospitality register since the last Board meeting on 29 April 2024.

24/40 Item 18: Forward look

The Board received a report from the Board Secretary comprising a forward look for the next two meetings, including the annual items scheduled for decision at those meetings.

The Board noted the indicative timetable for its visit to the Island in October 2024.

The Board noted the report and requested that the date of the meeting in March 2025 be agreed at the next meeting in October 2024.

24/41 Item 19: Dates of future meetings

The Board noted the date of the next meeting on Thursday 24 October 10am On Island.

The meeting closed at 12:30