

**REPORT  
OF THE COMPTROLLER & AUDITOR GENERAL**

**ON**

**ARRANGEMENTS FOR THE EXTERNAL AUDIT  
OF THE ANNUAL ACCOUNTS OF THE STATES OF JERSEY**

**MAY 2006**

*ARRANGEMENTS FOR THE EXTERNAL AUDIT  
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Report of the Comptroller & Auditor General  
Tuesday, 30 May 2006*

**Introduction**

1. The Public Finances Law 1967 provided that the States should appoint auditors (the States auditors) who should be responsible for the audit of the annual accounts which that law required the States to prepare and publish.
2. The Public Finances Law 2005 repealed those provisions and instead required that the Comptroller & Auditor General should make arrangements for the audit of the States' annual accounts.
3. The purpose of this document is to report the steps which I have taken to discharge the responsibility to make appropriate audit arrangements.

**Approach**

4. After some research I decided that the best course would be to adopt the normal practice followed by the Comptroller & Auditor General of England which is that:
  - (1) the C&AG of England personally signs and thus accepts responsibility for audit reports on the accounts of organisations for which he is responsible.
  - (2) the C&AG's reports are based on audit work undertaken by audit firms appointed by them and on their private reports to his office on the results of their audit examinations.
5. Having reached this conclusion, I then invited a number of firms of auditors to tender for the provision to me of external audit services for a period of five years with effect from the audit of the annual accounts for the year ending 31 December 2006. All of the firms invited to tender in this way have been recognised by the Audit Commission for England and the National Audit Office.
6. In this competitive process, the proposals made by the firms which decided to tender were assessed according to the criteria used by the National Audit Office when selecting firms for appointment.

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**Outcome**

7. As a result of this process, I have decided to appoint PricewaterhouseCoopers (PWC) to provide the external audit services that I will require.
  
8. In their proposal, PWC put forward a team of people with extensive knowledge of audits in both the central and local government sectors in England and who have not previously been involved in the audits of the States' accounts.

**Related audits**

9. This appointment extends to the provision of external audit services for a number of parallel funds for whose audit I am also responsible.

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16 May 2006