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# STATES OF JERSEY



## STATES OF JERSEY 2021 ANNUAL REPORT AND ACCOUNTS (R.39/2022) – COMMENTS

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Presented to the States on 4th May 2022  
by the Public Accounts Committee

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STATES GREFFE

## REPORT

In accordance with paragraphs 87-96 of the '**Scrutiny and Public Accounts Committee Proceedings: Code of Practice**' (updated **P.50/2022**, March 2022), the Public Accounts Committee presents its comments on the States of Jersey Annual Report and Accounts 2021 ([R.39/2022](#)).

### **Comments**

A central element of the role of the Public Accounts Committee (PAC) is to assess whether public funds have been used appropriately and that good financial practice has been applied.

Key to determining whether public money has been used in the most effective manner to deliver good services and value for money for Jersey is the review of the States of Jersey Annual Report and Accounts, which provides a breakdown of public spending and performance reporting.

It is usual practice for the PAC to conduct a full review of the accounts as presented by the Minister for Treasury and Resources. However, this year, the timing of the presentation of the States of Jersey 2021 Annual Report and Accounts<sup>1</sup> (the 2021 Annual Report and Accounts) on 7th April 2022 has not afforded the necessary time period within which to conduct a full and robust review prior to the end of the final sitting of this States Assembly on 10th May and the subsequent General Election being held on 22nd June 2022. For clarity, no criticism of the Department for Treasury and Exchequer is implied in relation to timing but is simply stated as the rationale for the lack of a full report by this PAC.

The PAC would strongly suggest that a full review of the 2021 Annual Report and Accounts is conducted by its successor once its work begins in September 2022. The PAC is pleased to note that it has already gathered evidence to support this work through a public hearing with the Treasurer of the States (the Treasurer) on 7th April 2022<sup>2</sup> and submitting further questions to the Treasurer, with answers received on 25th April 2022.<sup>3</sup>

Without wishing to prejudge the work of its successors, the PAC has taken this opportunity to provide brief general comments on the 2021 Annual Report and Accounts and the evidence provided to it by the Treasurer and his team, and the implementation of recommendations made by the Comptroller and Auditor General (C&AG) in previous years.

### **Views of the Current PAC**

The over-arching view of the PAC is that, while acknowledging that further work on systems and process is necessary, improvements have been made in financial management, reporting and the refining of year-end accounts. This has been conducted against the backdrop of an unsettled period for Government, during which two chief

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<sup>1</sup> [R.39/2022 States of Jersey 2021 Annual Report and Accounts](#)

<sup>2</sup> [Transcript – Public Hearing with the Treasurer of the States – 7th April 2021](#)

<sup>3</sup> Letter – Public Accounts Committee to Treasurer of the States re. Follow-Up to Public Hearing – 25<sup>th</sup> April 2022

executives and one interim chief executive have been signing off the accounts produced by the Treasury team.

The PAC notes that the Performance Report section includes a series of improvements that have been made to performance reporting in 2021, including the introduction of the first year of quarterly reporting and the use of Service Performance Measures. The PAC expects that this information would be used in future Scrutiny reviews and public hearings.

The PAC is keen to recognise the improvements have been made this year in terms of the wider key performance indicators (KPIs) contained in the annual report, and further welcomes the view given by the Treasurer at the Public Hearing of 7th April<sup>4</sup> that there is more to do and that this reporting needs to ‘mature’ further to ensure that these KPIs are objective.

Although further examination of the implementation and its success is warranted, the PAC would welcome the news that a self-assessment tool was developed and introduced for the production of the 2021 Annual Report and Accounts.<sup>5</sup> It was confirmed during a public hearing on 7th April that a group had been set up within Government to look at how the recommendations of the C&AG in relation to sustainability reporting could be implemented in the performance report.

The PAC further noted that the States of Jersey 2021 Annual Report and Accounts included the start of reporting on customer satisfaction and the continuing impact of COVID-19 on performance during the year.

The PAC also welcomes the action taken in responding to previous recommendations of the C&AG and the PAC, including the separate reporting of COVID-19-related spending. In 2021, £109 million was spent on the response to COVID-19 compared to £190 million in 2020. The pandemic response itself was the subject of a separate review by the PAC which was presented to the States Assembly in April 2022 as P.A.C.3/2022.<sup>6</sup>

It is noted that the Annual Report and Accounts have received an unqualified and clean audit opinion from Mazars, the appointed independent external auditors, in relation to both the regularity of the accounts and the assurance of the financial statement.

As part of its review work over the course of its term of office, the PAC has voiced concerns about the agreement and relationship between the States of Jersey and arms-length organisations and subsidiaries. In this context, the PAC was interested to note the view of the external auditors was that there continued to be a need to discuss auditing process with key stakeholders, which included the auditing of States of Jersey subsidiaries (Andium Homes, Ports of Jersey, and the States of Jersey Development Company) to feed their information into the wider financial statements.

The timely production of the accounts is a theme which has been addressed by the PAC, the C&AG, the external auditors, and the Treasurer. At the public hearing on 7th April, the Treasurer expressed the view that March was timely for the production of a set of

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<sup>4</sup> [Transcript – Public Hearing with the Treasurer of the States – 7th April 2021, p.33](#)

<sup>5</sup> [Transcript – Public Hearing with the Treasurer of the States – 7th April 2021, p.35](#)

<sup>6</sup> [Report – Response to the COVID-19 Pandemic by the Government of Jersey – 12th April 2022 – P.A.C.3/2022](#)

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accounts for an organisation on the scale of the States of Jersey. His view was that an earlier delivery would begin to compromise accuracy.

The Comptroller and Auditor General has confirmed that she agreed with the opinion of the external auditors that sign-off by their organisation before 31st March each year would create a problematic timeframe and noted that this was still a short sign-off period for a government's annual report.

### **Conclusion**

As stated in the opening paragraphs, it is not the intention of the current PAC membership to be prescriptive about what its successor may or may not wish to investigate as part of any future review, however, it would hope that the newly constituted Committee would acknowledge the benefit of following some of the lines of inquiry taken so far, and the guidance provided by the C&AG.

In conclusion, therefore, the PAC would recommend that a future review should include but not be limited to continued monitoring and investigation of:

- The relationship with Arm's-Length Bodies and their reporting
- The timely closing of accounts
- The implementation and success of self-assessment tools
- Sustainability reporting
- Reporting on the correlation between the spending of public funds and the outcomes achieved
- COVID-19 related spend and how it is reported; and
- The implementation of ITS improvements.

In closing, the PAC would like to echo a view that it expressed in its report P.A.C.3/2022 Response to the Covid-19 Pandemic by the Government of Jersey that it is fully understood that over the past two years Jersey's public service has been working in extraordinarily challenging circumstances. Its goal in its reviews of the response and of work, such as the production of the States of Jersey Annual Report and Accounts is to acknowledge the context in which officials were operating and assist that process by identifying future change from this novel situation.