

**Office of the Comptroller and  
Auditor General  
Annual Report and Accounts  
2022**

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*The 2022 Annual Report and Accounts tells the story of the Office of the Comptroller and Auditor General (also known as the Jersey Audit Office, or JAO for short). It sets out the JAO's performance, governance arrangements and finances for the year and is designed to enable stakeholders to hold us to account.*

*It sits alongside the Comptroller and Auditor General's Annual Report of Findings published in February 2023 which summarises findings and recommendations made by the Comptroller and Auditor General (C&AG) during 2022.*

# Introductory Statement

In January 2022 we published the Strategy for the Jersey Audit Office (JAO) for 2022-25. This was the first time the JAO had published a Strategy and we are committed to updating the Strategy on an annual basis. The updated JAO Strategy for 2023-26 was published in January 2023. Throughout the period of the Strategy our ambitions remain constant – to be a high-performing audit organisation, support effective scrutiny and accountability, make a difference and build a better organisation.

2022 was a transitional year for the JAO as we started to work with the new States Assembly after the Election. We attended new States Members’ events and prioritised our support for the newly formed Public Accounts Committee (PAC) in the autumn of 2022. We were also pleased that our Board of Governance was, once again, able to meet on-Island in October 2022. Board members were pleased to be able to meet key stakeholders while they were there.

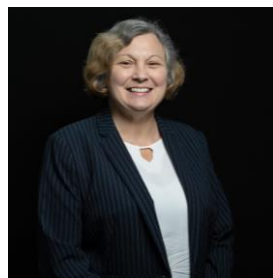
During the pre-election period we took the opportunity to developing our new website. Following the General Election, we prioritised support for new members of the States Assembly and, in particular, the PAC.

The JAO continued to perform strongly in 2022. We met 12 of our 16 Key Performance Indicators (KPIs). Of the remaining four KPIs, two were partially met, one was not measured and one was not met. Benchmarking with other audit offices shows that we publish a high volume of reports at relatively low cost. The JAO continues to receive very positive feedback from officers and stakeholders. For 2023, we will prioritise areas for improvements, particularly in implementing our Corporate Social Responsibility Strategy. We will also strengthen our Board of Governance by recruiting an additional member.

Finally, we would like to say thank you to the JAO team of affiliates, particularly Stephen Warren, the Deputy Comptroller and Auditor General. On 31 March 2023, Stephen left the JAO to become the first ever Tynwald Auditor General in the Isle of Man. Stephen has been a driving force for the JAO since joining in 2013 and thoroughly deserves this prestigious appointment. We look forward to working with him in his new role.



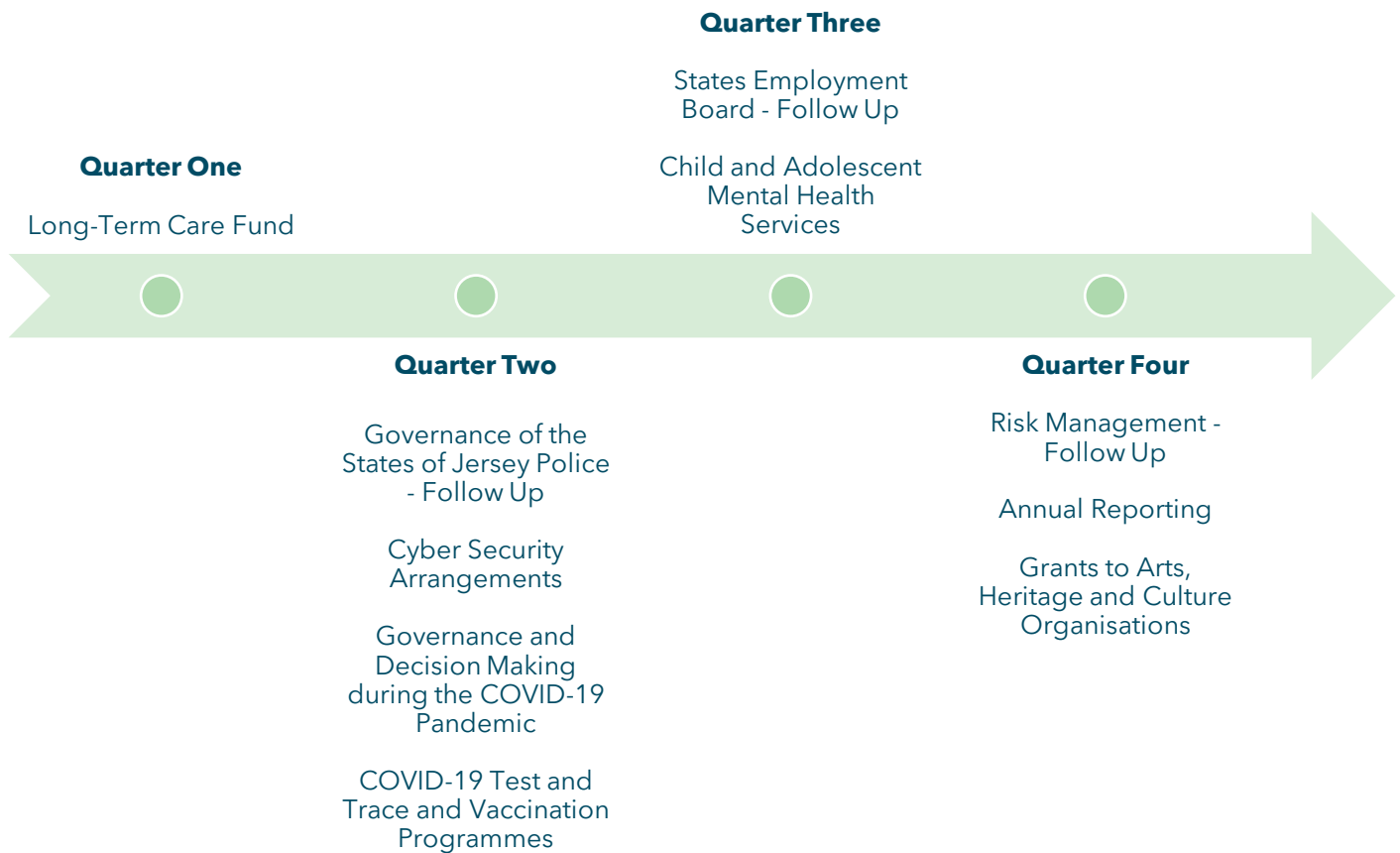
**Lynn Pamment**  
**C&AG**



**Grace Nesbitt OBE**  
**Board Chair**

# Key Highlights

## Reports issued in 2022



## Support to States Members

- All 20 PAC meetings supported
- States Members' induction session attended in June 2022
- PAC induction attended July 2022
- Briefings offered to all incoming Ministers and Scrutiny Chairs







# Key Highlights

## Sharing Good Practice

- 37 bodies attending Annual Reporting Workshop
- Annual Reporting Good Practice Guide published
- Thinkpiece on Governance and Accountability of Independent Bodies and Office Holders

## Delivery against KPIs

	KPIs met	KPIs partly met or not measured	KPIs not met	Direction of travel
 <b>High performing audit organisation</b>	4	-	-	↔
 <b>Supporting effective scrutiny and accountability</b>	4	-	-	↔
 <b>Making a difference</b>	2	1	1	↑
 <b>Building a better organisation</b>	2	2	-	↑



# Section 1: Performance Report

The Office of Comptroller and Auditor General ('C&AG') was established in 2005 and operates under the Comptroller and Auditor General (Jersey) Law 2014. The C&AG has chosen to discharge her responsibilities through the Jersey Audit Office (JAO).

The Performance Report provides an overview of the work of the C&AG and the JAO in 2022. It considers

- The Vision, Purpose and Values of the JAO
- Strategy
- Risks
- Operations
- Performance Analysis
- Financial Performance

# Vision, Purpose and Values



## Vision, Purpose and Values of the JAO




<b>Our Vision</b>	To be a trusted and innovative audit organisation that champions good governance and the wise use of public money in Jersey.
<b>Our Purpose</b>	To provide independent assurance to the people of Jersey that public money is spent economically, efficiently and effectively and that the controls and governance arrangements in place within public bodies demonstrate value for money.
<b>Our Values</b>	<p>Independence and objectivity</p> <p>We appoint auditors, determine our work plan, carry out our work and report our findings impartially. We are accessible, transparent and responsive. We drive constructive and positive change through our recommendations and follow up. We respond with agility to the ever-changing environment in which we operate.</p> <p>Fairness and justice</p> <p>We are open and honest in the way we undertake our work, how we communicate with all stakeholders and how we treat people. We report our evidence-based findings in public, without fear or favour. We undertake audit work as economically, efficiently and effectively as possible.</p> <p>Integrity</p> <p>We speak up for what is right. We strive for and deliver high quality outcomes. We are truthful in making decisions and in responding to challenge. We meet our responsibilities in an ethical and fair way.</p> <p>Credibility</p> <p>We provide insight and promote best practice. We engage proactively with our stakeholders, with whom we work hard to build and maintain trust. Our work follows best practice and is undertaken by a team of reliable and dedicated professionals in accordance with recognised international standards.</p>

# Strategy

On 7 January 2022, the C&AG published the Jersey Audit Office Strategy 2022-25.



## JAO ambitions, planned actions and KPIs 2022 to 2025


Ambition	Planned actions	KPIs
 <b>High performing audit organisation</b>	<ul style="list-style-type: none"> <li>• Implement an audit quality framework</li> <li>• Improve our project management</li> <li>• Measure and action stakeholder feedback</li> <li>• Enhance links to other audit organisations to share best practice and enhance benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>• Annual audits delivered to a high quality and to agreed timescales</li> <li>• Number of high quality reports delivered</li> <li>• Reports published to schedule</li> <li>• Action plans in place to address stakeholder feedback</li> <li>• Benchmarking against other audit offices</li> </ul>
 <b>Supporting effective scrutiny and accountability</b>	<ul style="list-style-type: none"> <li>• Work closely with the PAC to improve effectiveness</li> <li>• Hold stakeholder events to share best practice and experiences</li> <li>• Hold an outreach event to engage Islanders in the work of the JAO</li> </ul>	<ul style="list-style-type: none"> <li>• Number of PAC meetings supported by our work</li> <li>• % of stakeholders rating our stakeholder events as good or excellent</li> <li>• % of stakeholders perceiving us to deliver against our objectives</li> </ul>
 <b>Making a difference</b>	<ul style="list-style-type: none"> <li>• Continued investment in communication mechanisms</li> <li>• Share best practice more proactively</li> <li>• Implement a Corporate Social Responsibility Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Website visits</li> <li>• Social media engagement</li> <li>• Report downloads from website</li> <li>• % of recommendations fully accepted for implementation</li> <li>• % of recommendations subsequently implemented within agreed timescales</li> <li>• Implementation of Corporate Social Responsibility Strategy</li> </ul>



# Strategy



## JAO ambitions, planned actions and KPIs 2022 to 2025

Ambition	Planned actions	KPIs
 <b>Building a better organisation</b>	<ul style="list-style-type: none"> <li>Support the Board of Governance to perform its role more effectively</li> <li>Refresh policies and procedures including the service level agreement with the States</li> <li>Embed technology more effectively in the ways we work</li> </ul>	<ul style="list-style-type: none"> <li>Performance against budget</li> <li>Refreshed suite of policies and procedures in place</li> <li>Number of projects supported by effective use of Office 365</li> </ul>

The four-year Strategy is updated each year on a rolling basis to run concurrently with the four-year Government Plan. The JAO Strategy 2023 - 2026 was published on 18 January 2023 and includes two additional planned actions:

- work effectively with other independent bodies and office holders (as part of supporting effective scrutiny and accountability); and
- compliance with principles and standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI) (as part of building a better organisation).

# Risks

The C&AG, with support of her Deputy, operates a risk register that captures those risks with the potential to have a significant adverse effect on the operation of the JAO. This risk register sets out the likelihood and impact of risks occurring, the mitigating arrangements in place and further mitigations planned. It is organised around key risk themes that relate to the four JAO priorities of high performing audit organisation, supporting effective scrutiny and accountability, making a difference and building a better organisation. The risk register is reviewed at each meeting of the Board of Governance.

After mitigating actions have been considered:

- **finance, quality** and **economy, efficiency and effectiveness** risks remain stable
- **reputation** risks have increased; and
- **pandemic/epidemic disruption** risks have decreased.

For the first time, the risk register also includes **climate** risks. During 2023, risk owners will be assigned to climate risks, mitigating actions and target dates will be agreed and risks will be quantified.

Key Risks ordered by theme		
	Risks	How we managed our risks during 2022
£	<b>Finance</b> <span style="background-color: #FFC000; padding: 5px;">Amber</span> <span style="font-size: 2em; color: #FFC000;">↔</span> <span style="background-color: #FFC000; padding: 5px;">Stable</span>	For 2022, risks relating to financial loss as a result of fraud have been explicitly considered.
	<ul style="list-style-type: none"> <li>• Insufficient resources.</li> <li>• Delays in making payments or processing financial information, inadequate budgetary information.</li> <li>• Financial loss from fraud (for example, as a result of management override of controls).</li> </ul>	<ul style="list-style-type: none"> <li>• The States of Jersey are required by statute to provide sufficient resources to the C&amp;AG. Medium-term contracts for services to provide price stability.</li> <li>• Treasury and Exchequer service level agreement for making payments, processing financial transactions and providing budgetary information.</li> <li>• Financial management function provided by an affiliate who has right of direct access to the Chair of Board of Governance in the event of any concerns. Board of Governance reviews budget reports. JAO’s annual financial statements subject to external audit.</li> </ul>

# Risks



## Key Risks ordered by theme

Risks	How we managed our risks during 2022
<div data-bbox="132 432 193 506" data-label="Image"> </div> <p data-bbox="228 450 336 488"><b>Quality</b></p> <div data-bbox="408 439 632 512" data-label="Text"> <p>Green</p> </div> <div data-bbox="644 421 839 533" data-label="Image"> </div> <ul data-bbox="124 600 488 685" style="list-style-type: none"> <li>• Lack of JAO resilience.</li> <li>• Poor quality audit work.</li> </ul>	<p data-bbox="887 461 1187 495">Risks remained stable.</p> <ul data-bbox="802 600 1469 898" style="list-style-type: none"> <li>• Deputy C&amp;AG able to deputise for the C&amp;AG. Ability to switch other work between affiliates.</li> <li>• Quality framework in place including internal quality assurance for work carried out by the JAO, monitoring of audit contracts, stakeholder feedback and external inspection by the Institute of Chartered Accountants in England and Wales (ICAEW).</li> </ul>
<div data-bbox="108 936 201 1014" data-label="Image"> </div> <p data-bbox="228 936 416 1032"><b>Economy Efficiency Effectiveness</b></p> <div data-bbox="408 936 632 1010" data-label="Text"> <p>Green</p> </div> <div data-bbox="644 918 839 1030" data-label="Image"> </div> <ul data-bbox="124 1077 671 1144" style="list-style-type: none"> <li>• Inefficient or ineffective procurement arrangements.</li> </ul>	<p data-bbox="887 936 1445 1037">Risks remain stable following competitive procurement exercises for financial statement audits in 2020 and 2021.</p> <ul data-bbox="802 1077 1453 1211" style="list-style-type: none"> <li>• Business cases for significant procurement decisions shared with the Board of Governance. States' corporate procurement solution used for travel and accommodation.</li> </ul>
<div data-bbox="119 1256 209 1346" data-label="Image"> </div> <p data-bbox="228 1283 395 1317"><b>Governance</b></p> <div data-bbox="408 1256 632 1330" data-label="Text"> <p>Amber</p> </div> <div data-bbox="644 1238 839 1350" data-label="Image"> </div> <ul data-bbox="113 1462 692 1603" style="list-style-type: none"> <li>• Key policies not in place or ineffective.</li> <li>• Loss of key documentation.</li> <li>• Unauthorised disclosure of information.</li> </ul>	<p data-bbox="887 1249 1461 1424">During 2022, the Public Finances Manual was updated to include a specific chapter covering the JAO. Further work is planned in 2023 to refresh the suite of supporting JAO policies and procedures.</p> <ul data-bbox="802 1462 1485 1783" style="list-style-type: none"> <li>• New specific chapter of the Public Finances Manual covering the JAO.</li> <li>• Use of paper minimised and retained securely. Cloud storage for Office 365 and long-term contract for daily backups.</li> <li>• IT security policy in place. Annual review of use of Office 365 including security arrangements by IT support provider.</li> </ul>

# Risks



## Key Risks ordered by theme

Risks	How we managed our risks during 2022
<div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <p><b>Reputation</b></p> <div style="display: flex; align-items: center;"> <div style="width: 40px; height: 20px; background-color: green; margin-right: 5px;"></div> <span>Green</span> </div> <div style="display: flex; align-items: center;"> <div style="width: 40px; height: 20px; background-color: yellow; margin-right: 5px;"></div> <span>Amber</span> </div> </div> <div style="margin-left: 20px; text-align: center;"> </div> </div> <ul style="list-style-type: none"> <li>Work of the JAO might not be seen as relevant.</li> <li>Audit work lacks impact.</li> <li>Unproductive relationship with officers or the PAC.</li> <li>Impact of potential changes within the States of Jersey.</li> </ul>	<p>Following the election, a new PAC was formed. We updated our reputational risks to include relationships. A key focus for 2022 has been to support the development of the PAC.</p> <ul style="list-style-type: none"> <li>Consulting key officers and the PAC when developing JAO Strategy and Audit Plan. Seeking feedback from key stakeholders. Continuing to reinforce the independence of the JAO.</li> <li>Ongoing liaison with States Assembly Members, senior officers and the Risk and Audit Committees. Training for members of the new PAC.</li> <li>Sharing best practice in annual reporting through the publication of a Good Practice Guide and holding an Annual Reporting workshop.</li> </ul>
<div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <p><b>Pandemic / epidemic disruption</b></p> <div style="width: 60px; height: 20px; background-color: green; margin: 0 auto;"></div> </div> <div style="margin-left: 20px; text-align: center;"> </div> </div> <ul style="list-style-type: none"> <li>Disruption to the operation of the Office arising from a pandemic or epidemic including illness and travel restrictions.</li> </ul>	<p>Following the relaxation of the COVID-19 restrictions in both Jersey and the UK, we replaced our COVID-19 risks with a single, wider risk that applies to any pandemic/epidemic.</p> <ul style="list-style-type: none"> <li>Adoption of appropriate technology to facilitate remote working. Review and updating of travel policy in light of public health advice. Remote working, including for the Board of Governance.</li> <li>Ability to switch work between affiliates to ensure completion of work. Monitoring the performance of firms appointed as auditors by the C&amp;AG.</li> <li>Agreement by the Chief Minister and Chair of the PAC to proposals for legislative change, including increasing the maximum number of independent members of the Board of Governance to four.</li> </ul>

# Risks



## Key Risks ordered by theme

Risks	How we managed our risks during 2022
<div data-bbox="113 427 201 512" data-label="Image"> </div> <div data-bbox="213 450 330 486" data-label="Section-Header"> <h3>Climate</h3> </div> <ul data-bbox="108 674 746 920" style="list-style-type: none"> <li>• Reduced productivity through disruption to infrastructure and increased sickness.</li> <li>• Increased costs, including travel costs.</li> <li>• Reputational damage through failure to adapt to climate change threats sufficiently quickly.</li> </ul>	<p data-bbox="826 427 1477 640">Climate related risks and proposed mitigating actions were identified, documented on the risk register during 2022 and were considered by the Board of Governance. During 2023, risk owners will be assigned, mitigating actions and target dates agreed and risks quantified.</p> <p data-bbox="794 674 1441 707">The following proposed actions were identified:</p> <ul data-bbox="794 725 1485 1043" style="list-style-type: none"> <li>• reviewing the JAO delivery model</li> <li>• revising the JAO travel policy and reviewing and climate related risks in respect of office accommodation; and</li> <li>• discussing with the Government of Jersey policies and options in respect of carbon offset, joining the Jersey Eco active business network and adopting a carbon neutral road map.</li> </ul>

# Operations

## About the C&AG and the JAO

### The role of the C&AG

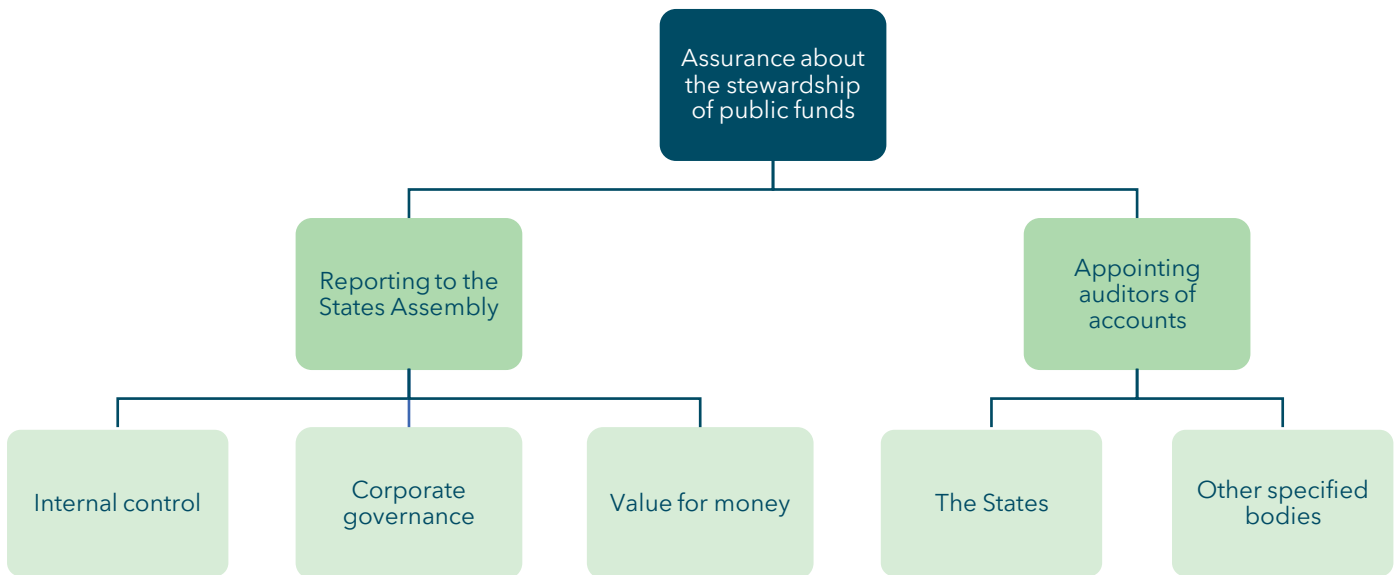
The C&AG is appointed by the States Assembly and is independent of Government. Her responsibilities are to:

- report to the States Assembly on the effectiveness of internal control, general corporate governance arrangements and economy, efficiency and effectiveness ('value for money'); and
- appoint auditors of the accounts of the States (including the Social Security Fund, the Social Security (Reserve) Fund, the Health Insurance Fund and the Long-Term Care Fund) and certain other specified entities.

She may not be directed in how she discharges her responsibilities. Her role is to evaluate the implementation of policy, but she does not question policy decisions.



### Responsibilities of the Comptroller and Auditor General



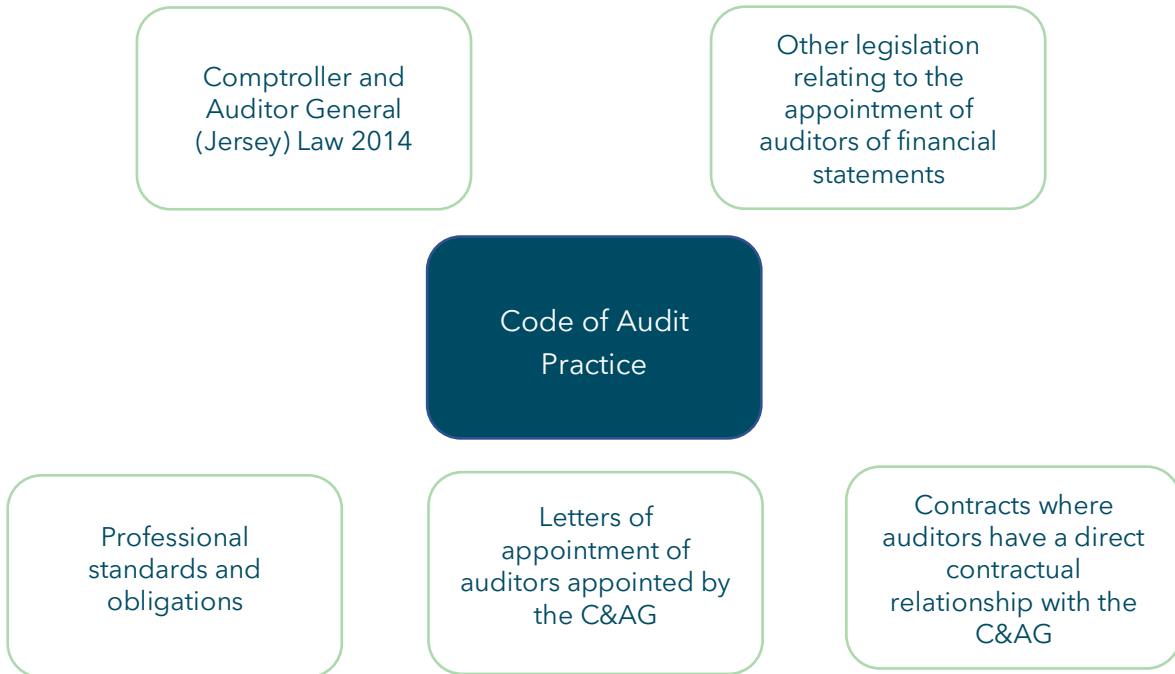
### The Code of Audit Practice and the statutory framework

Statute requires that the C&AG publishes a Code of Audit Practice, setting out how she discharges her functions.

# Operations



## The Code is at the centre of the arrangements for public audit



## Operating Model

The JAO comprises the C&AG, a Deputy, a communications and administration function, contract staff and affiliates. Affiliates were engaged following a competitive recruitment process and provide specialist knowledge and experience where required. The JAO has no employees.

On 31 March 2023, following 10 years of service, Stephen Warren, the Deputy C&AG resigned from his role to become the first ever Tynwald Auditor General in the Isle of Man. The C&AG has reassigned Stephen's responsibilities across the current pool of affiliates. The recruitment process for the appointment of a new Deputy Comptroller and Auditor General commenced in April 2023.



# Operations

## Environmental impact

The major environmental impact of the JAO is the use of air travel to and from Jersey.

The response to the COVID-19 pandemic together with the JAO's investment in technology, accelerated the extent to which the Board of Governance, C&AG, the Deputy C&AG and affiliates worked from home. This has significantly reduced the JAO's carbon footprint compared to pre-pandemic levels and contributes to the United Nations Sustainability Goal 13 on Climate Action.

However, the C&AG also recognises the importance of face to face interactions and meetings. As a result, the JAO's use of air travel in 2022 was, as expected, higher than in 2021. The C&AG has identified climate related risks as a key theme in the JAO risk register and set out potential mitigating actions including reviewing the JAO delivery model.

## Corporate Social Responsibility

The JAO seeks to be socially responsible. It supports the Universal Declaration of Human Rights set out by the United Nations, the benefits of diversity and the fight against corruption and bribery.

The JAO Corporate Social Responsibility Strategy considers how the JAO can contribute to better community, environmental and economic wellbeing outcomes for the Island. It is not the role of the JAO to contribute to all of the outcome statements, outcome indicators and outcome measures within the States of Jersey Performance Framework. A principle of the JAO Corporate Social Responsibility Strategy however is that the JAO should contribute to each of the three overarching wellbeing themes identified in the Jersey Performance Framework:

- Community wellbeing - the quality of people's lives
- Environmental wellbeing - the quality of the natural world around us; and
- Economic wellbeing - how well the economy is performing.

The JAO made some progress in implementing its Corporate Social Responsibility Strategy during 2022, but we recognise that there is more to do.



# Operations






## Progress made in implementing the JAO Corporate Social Responsibility Strategy during 2022

Island Outcome	Planned activities	Progress during 2022
Perceptions of Government	The JAO will participate in work with the Jersey Youth Parliament alongside the Public Accounts Committee to raise the profile of the Office with young people on the Island.	The Youth Parliament has selected new themes for its work after the 2022 election. We remain committed to supporting the Youth Parliament and will seek opportunities to do so during 2023.
Islanders enjoy life in a strong, inclusive community	The JAO will look to participate in Island programmes aimed at supporting inclusion and diversity. This will include the donation of volunteer time by the C&AG.	During 2022, we confirmed the Salvation Army as our charity partner. During 2023, we will provide mentoring and other support to help the Salvation Army officers, staff and volunteers with their vital work for the people of Jersey.
Households have sufficient income to afford a decent standard of living	The JAO will review its expenditure to ensure that it is using Jersey-based supply chains where appropriate and possible and that it is paying its suppliers promptly.	Jersey-based supply chains used where appropriate. Suppliers paid promptly. The C&AG will review the operating model for the Office during 2023.
Government has sustainable finances	The C&AG will manage the finances of the JAO appropriately to ensure that value for money can be demonstrated by the expenditure of the Office.	The C&AG achieved an underspend of £8,600 representing 0.9% of the 2022 allocated budget.
Jersey benefits from good air quality	The JAO will review its travel policy to maximise the use of sustainable transport thereby contributing to better air quality on the Island.	Travel policy updated with a further review planned for 2023.

# Performance Analysis

The JAO Strategy 2022-25 set out the priorities for the JAO in 2022. The table below shows how the JAO has performed against these priorities.

 <b>Performance against priorities for 2022</b>	
What we planned to do	What we did
 <b>High performing audit organisation</b>	
<ul style="list-style-type: none"> <li>Implement the updated audit quality framework</li> <li>Improve our project management</li> <li>Measure and action stakeholder feedback</li> <li>Enhance links to other audit organisations to share best practice and enhance benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>Quality framework implemented with the continued support of the ICAEW.</li> <li>Continued enhancement through use of technology.</li> <li>Stakeholder surveys carried out.</li> <li>Membership of European Organization of Regional Audit Institutions (EURORAI) has provided us with access to a wealth of best practice and benchmarking data. Meetings have also been held with a number of UK Audit Offices to share areas of common interest.</li> </ul>
 <b>Supporting effective scrutiny and accountability</b>	
<ul style="list-style-type: none"> <li>Work closely with the PAC to improve effectiveness</li> <li>Hold stakeholder events to share best practice and experiences</li> <li>Hold an outreach event to engage younger people in the work of the JAO and of the PAC</li> </ul>	<ul style="list-style-type: none"> <li>20 PAC meetings and six sub-group meetings supported. Following the election, the C&amp;AG supported the induction of new members of the PAC.</li> <li>The C&amp;AG continues to take a lead role in the Jersey Regulators Forum. In October 2022, the Board of Governance met key stakeholders including the Chief Minister, the Chief Executive and members of PAC. In December 2022, the C&amp;AG held the JAO's second Annual Reporting workshop.</li> <li>Outreach event not held during 2022. Work is planned in this area for 2023.</li> </ul>

# Performance Analysis



## Performance against priorities for 2022

### What we planned to do

### What we did



#### Making a difference

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Continued investment in communication mechanisms</li> <li>Share best practice more proactively</li> <li>Implement a Corporate Social Responsibility Strategy</li> </ul> | <ul style="list-style-type: none"> <li>Updated website launched. Use of social media including Twitter and LinkedIn.</li> <li>Published third Good Practice Guide on Annual Reporting supported by our second Annual Reporting workshop.</li> <li>Corporate Social Responsibility Strategy in place and planned actions and progress reported in this Annual Report. Further progress required in 2023.</li> </ul> |
|--|--|



#### Building a better organisation

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Support the Board of Governance to perform its role more effectively</li> <li>Refresh policies and procedures including the service level agreement with the States</li> <li>Embed technology more effectively in the ways we work</li> </ul> | <ul style="list-style-type: none"> <li>Support throughout the year including in respect of the Board's action plan to improve effectiveness, the Board's annual strategic review and the recruitment of a Board apprentice.</li> <li>The JAO Code of Conduct and Travel Policy updated. Public Finances Manual updated to include a specific chapter covering the JAO. Further work planned in 2023, including a service level agreement with the States.</li> <li>Office 365 embedded into the way we work. Use of other software enhanced including continued use of voting technology.</li> </ul> |
|--|--|

# Performance Analysis

## Performance against KPIs

 <b>Performance against KPIs</b>			
Key Performance Indicators (KPIs)	2021	2022	Direction of travel
 <b>High performing audit organisation</b>			
<i>Stakeholder feedback and independent assessments of financial audits remain positive. The JAO continues to publish a high volume of highly regarded reports and compares favourably to other audit offices.</i>			
<b>Annual audits delivered to a high quality and to agreed timescales</b>	<b>KPI met</b> High stakeholder satisfaction  Financial statement audits identified as needing limited improvements only	<b>KPI met</b> High stakeholder satisfaction  Financial statement audits identified as needing limited improvements only	
<b>Number of high-quality reports delivered</b>	<b>KPI met</b> Positive feedback on reports issued	<b>KPI met</b> Positive feedback on reports issued	
<b>Reports published to schedule</b>	<b>KPI met</b> 12 reports as well as a good practice guide and a Thinkpiece	<b>KPI met</b> Ten reports as well as a good practice guide and a Thinkpiece	
<b>Benchmarking against other audit offices</b>	<b>KPI met</b> JAO compares favourably to other audit offices	<b>KPI met</b> JAO compares favourably to other audit offices	

# Performance Analysis



## Performance against KPIs

Key Performance Indicators (KPIs)	2021	2022	Direction of travel
<p><b>Supporting effective scrutiny and accountability</b></p> <p><i>The JAO supported all PAC meetings in both 2021 and 2022 and responded to correspondence promptly. Stakeholders continue to hold the JAO in high regard.</i></p>			
<b>Number of PAC meetings supported by our work</b>	<p><b>KPI met</b></p> <p>All 22 PAC meetings supported</p>	<p><b>KPI met</b></p> <p>All 20 PAC meetings supported</p>	
<b>Percentage of stakeholders rating our stakeholder event as good or excellent</b>	<p><b>KPI met</b></p> <p>Positive feedback from annual reporting workshop</p>	<p><b>KPI met</b></p> <p>Positive feedback from annual reporting workshop</p>	
<b>Correspondence responses issued to schedule</b>	<p><b>KPI met</b></p> <p>All correspondence responded to on a timely basis</p>	<p><b>KPI met</b></p> <p>All correspondence responded to on a timely basis</p>	
<b>Percentage of stakeholders perceiving us to deliver against our objectives</b>	<p><b>KPI met</b></p> <p>Stakeholders agree that JAO adheres to its values</p>	<p><b>KPI met</b></p> <p>Stakeholders agree that JAO adheres to its values</p>	

# Performance Analysis



## Performance against KPIs

Key Performance Indicators (KPIs)	2021	2022	Direction of travel
<b>Making a difference</b> <p>The updated JAO website received more visits in 2022 than in 2021. The number of downloads, however, was lower than the 2021 peak and returned to just above the level seen in 2020. The States of Jersey continue to accept 99% of JAO recommendations and have reported improved rates of implementation of C&amp;AG recommendations.</p>			
<b>JAO website visits</b>	<b>KPI met</b> 6,518 website sessions	<b>KPI met</b> 6,624 website sessions	
<b>Report downloads from website</b>	<b>KPI met</b> 3,662 downloads (up 74%)	<b>KPI not met</b> 1,592 downloads (down 57% to just above 2020 levels)	
<b>Percentage of recommendations fully accepted for implementation</b>	<b>KPI met</b> 99% of recommendations accepted for action (132 out of 133)	<b>KPI met</b> 99% of recommendations accepted for action (147 out of 149)	
<b>Percentage of recommendations subsequently implemented</b>	<b>KPI partly met</b> 41% of open recommendations from 2021 and earlier years implemented (162 out of 391)	<b>KPI partly met</b> 55% of recommendations from 2022 and earlier years implemented (195 out of 366)	

# Performance Analysis



## Performance against KPIs

Key Performance Indicators (KPIs)	2021	2022	Direction of travel
<b>Building a better organisation</b> <p><i>Office 365 is now used routinely for audit projects. Performance against budget Improved with an underspend of less than 1%. During 2023, the JAO will start monitoring its carbon footprint and give greater priority to supporting community activities.</i></p>			
<b>Number of projects supported by effective use of Office 365</b>	<b>KPI met</b> All projects in 2021 supported by Office 365	<b>KPI met</b> All projects in 2022 supported by Office 365	↔
<b>Performance against budget</b>	<b>KPI met</b> 5% underspend (£50,800 against allocated budget of £943,000)	<b>KPI met</b> 0.9% underspend (£8,600 against allocated budget of £975,000)	↔
<b>Percentage reduction in carbon footprint</b>	<b>KPI not measured</b> Monitoring of carbon footprint postponed during the COVID-19 pandemic	<b>KPI not measured</b> Monitoring of carbon footprint postponed during the COVID-19 pandemic	↔
<b>Number of community activities undertaken</b>	<b>KPI not met</b> Community activities deferred due to the COVID-19 pandemic	<b>KPI partially met</b> The Salvation Army identified as a charity partner during 2022. No community activities undertaken	↑

### Senior officer and stakeholder feedback

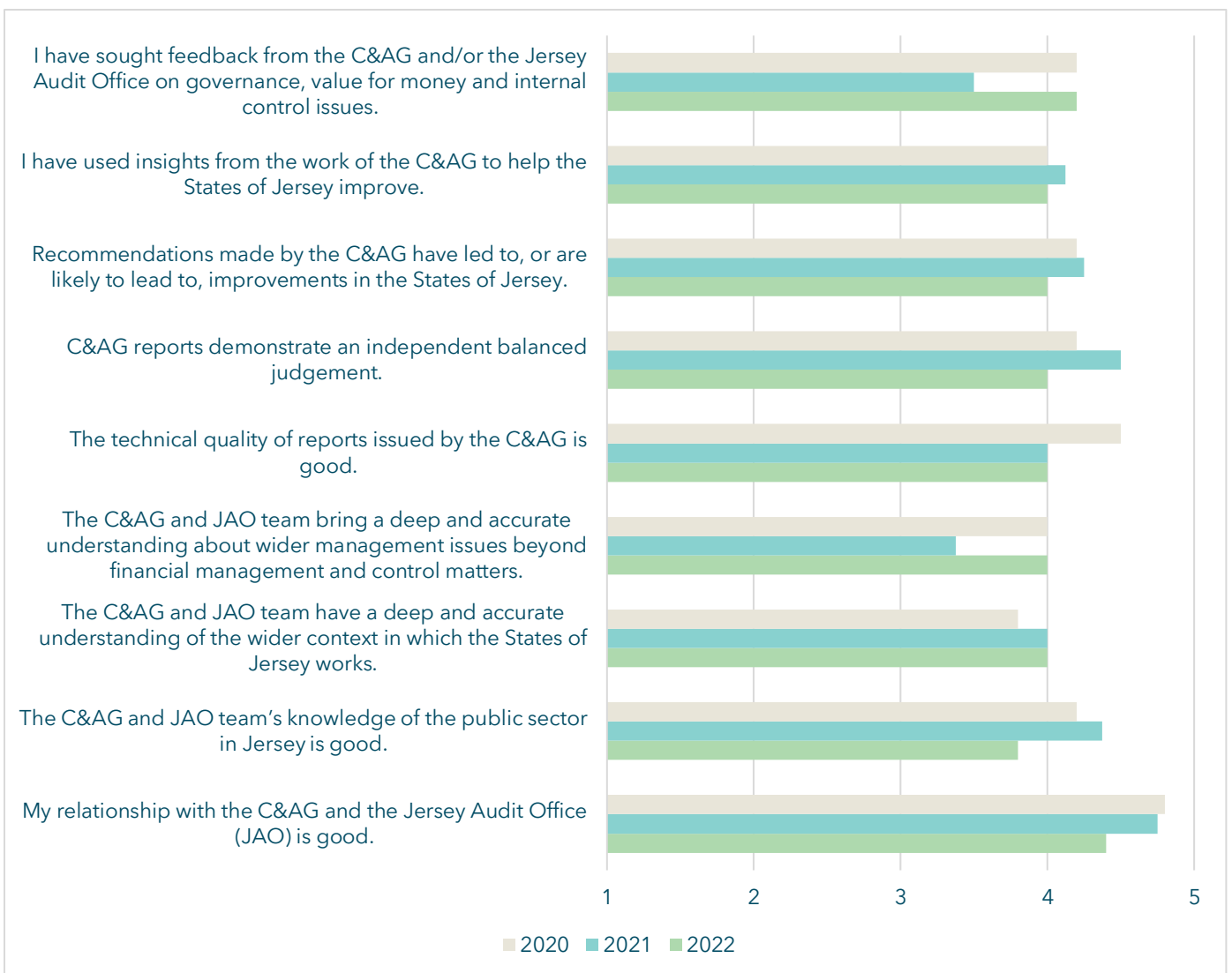
The C&AG sought feedback on her performance and the performance of the JAO from senior officers and stakeholders (States Members, lay members of the PAC and members of the Government of Jersey Risk and Audit Committee). The 2022 surveys were carried out in January and February 2023 and, for

# Performance Analysis

the first time, were also sent to a further tier of officers and other stakeholders. The feedback from these wider groups provides useful additional management information. However, the results are not materially different from the original groupings and, for consistency of comparison to prior years, the extended groups have not been included in the 2023 data reported below.

Officers were requested to score performance across eight criteria on a scale of 1 (strongly disagree) to 5 (strongly agree). The results of this feedback are summarised below and show strong performance in most areas. Specific work is planned for 2023 to develop and strengthen further our performance in areas that have not scored as well as in previous years.

## Feedback from senior Government of Jersey officers



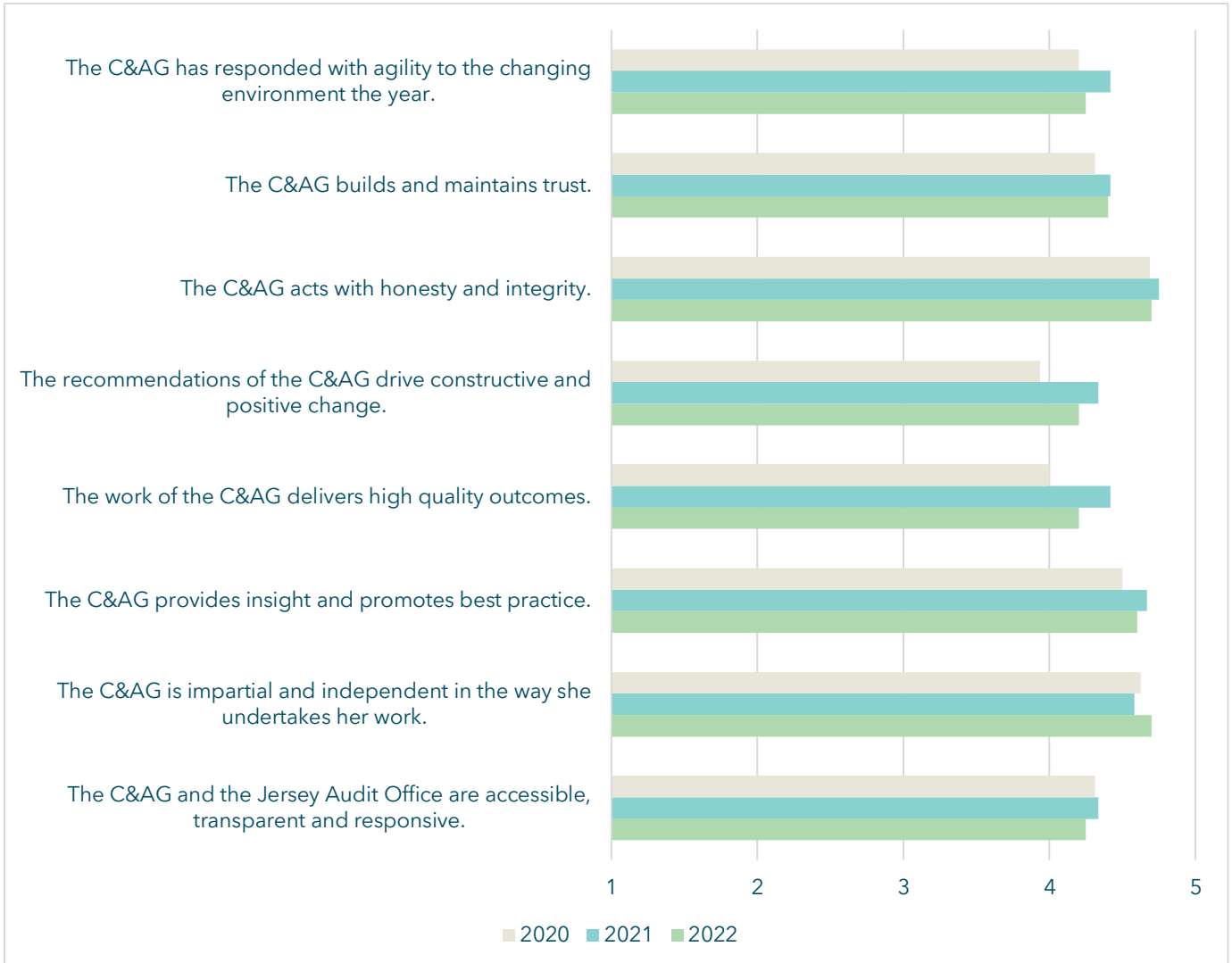
Stakeholders were surveyed on the extent to which the C&AG demonstrates the values of the JAO. Stakeholders were requested to provide an assessment against each of eight statements (with strongly disagree scoring 1 and strongly agree scoring 5). The results of this feedback are summarised below.



# Performance Analysis



## Feedback from States Members, lay members of the PAC and members of the Government of Jersey Risk and Audit Committee



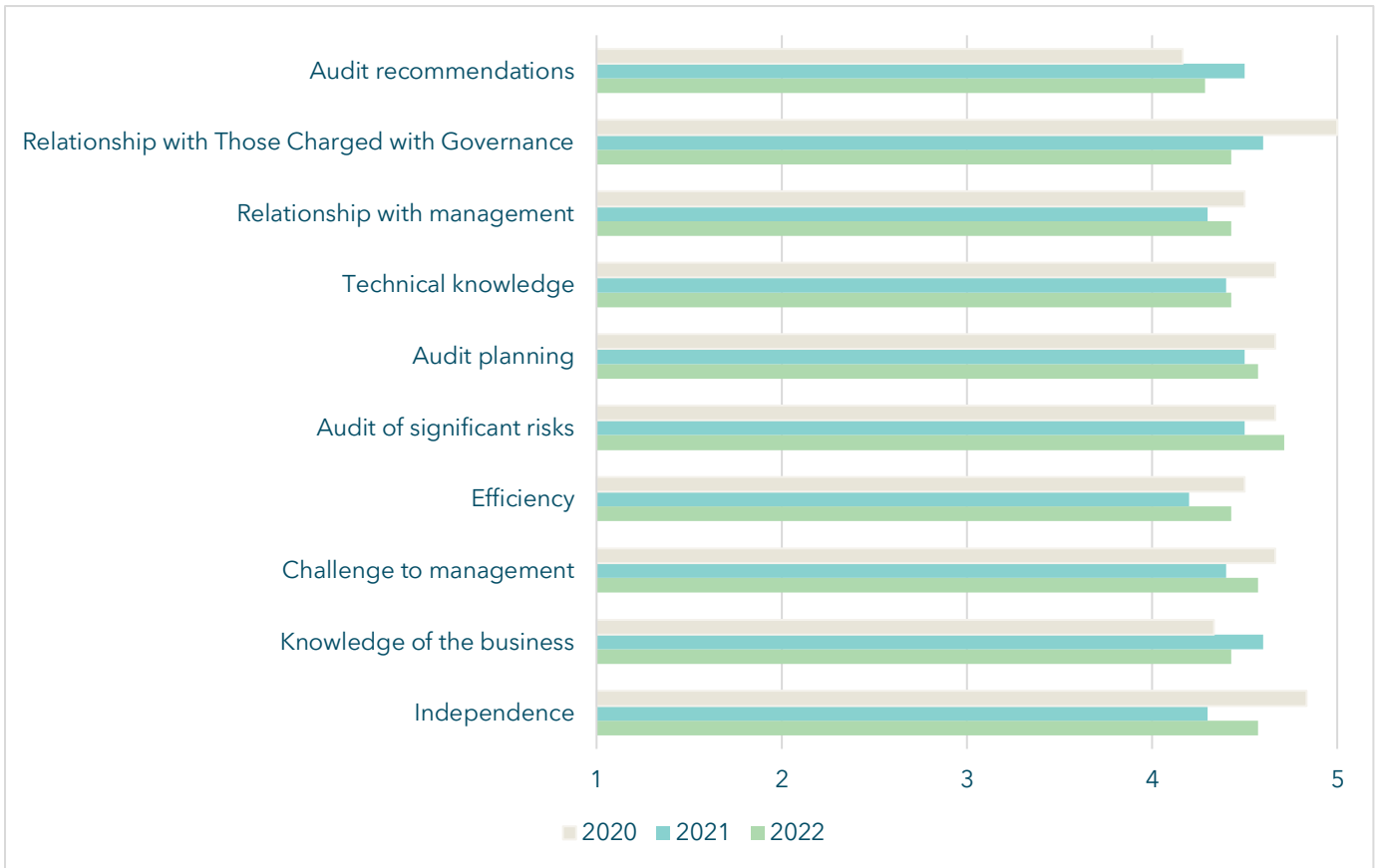
### Auditors appointed by the Comptroller and Auditor General

The C&AG appoints firms of accountants to audit the accounts of the States and certain other specified bodies. Annually, the C&AG seeks, obtains and evaluates feedback from the bodies to which she appoints auditors on the auditors’ performance and engagement. Audited bodies are requested to score auditors across ten criteria on a scale of 1 to 5 (with 5 being strong performance). Auditors received high scores from all respondents.

# Performance Analysis



## Performance of appointed auditors



In accordance with contractual terms, the C&AG reviewed and, where appropriate, approved requests to carry out non-audit services made by the audit firms that she had appointed. She only did so where she was satisfied that performing such work would not give rise to an actual or perceived threat to the independence of the audit firm or to the C&AG.

The ICAEW was engaged during 2022 to undertake file reviews of the quality of two audit engagements. The ICAEW grades file reviews on a four-point scale:

- |                          |                                      |
|--------------------------|--------------------------------------|
| 1. Good                  | 2. Limited Improvements Required     |
| 3. Improvements Required | 4. Significant Improvements Required |

The ICAEW graded both audits selected for review as 'Limited Improvements Required'.

# Performance Analysis

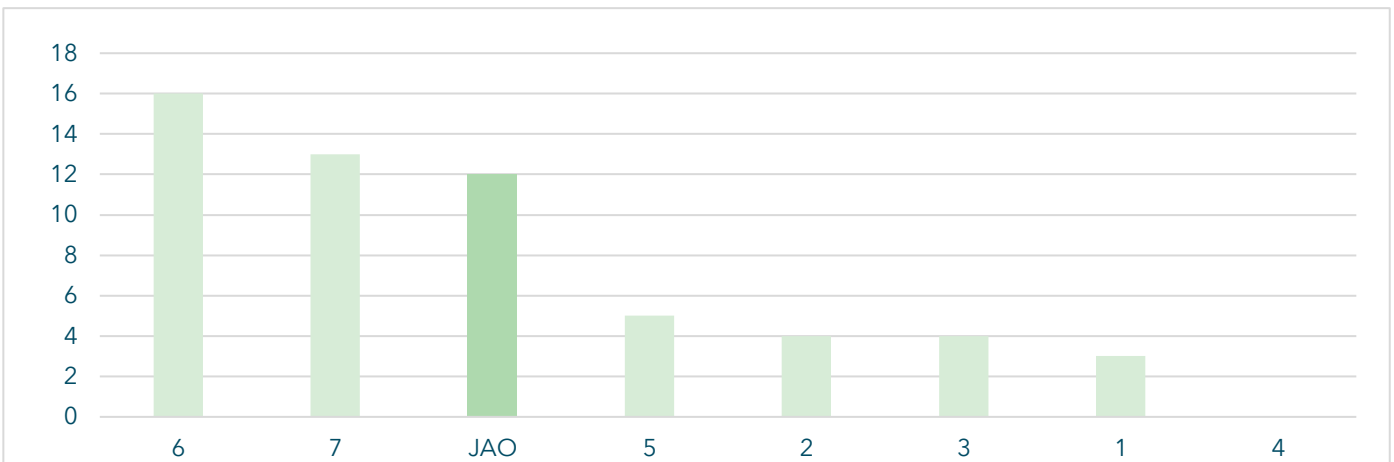
## Comparing performance with other audit offices

In each of our Annual Reports from 2017, the C&AG has compared the performance of the JAO with seven other audit offices. The group comprises audit offices from British Overseas Territories, Canadian provinces, Australian states and territories and an independent country, with populations ranging from 68,000 to 570,000.

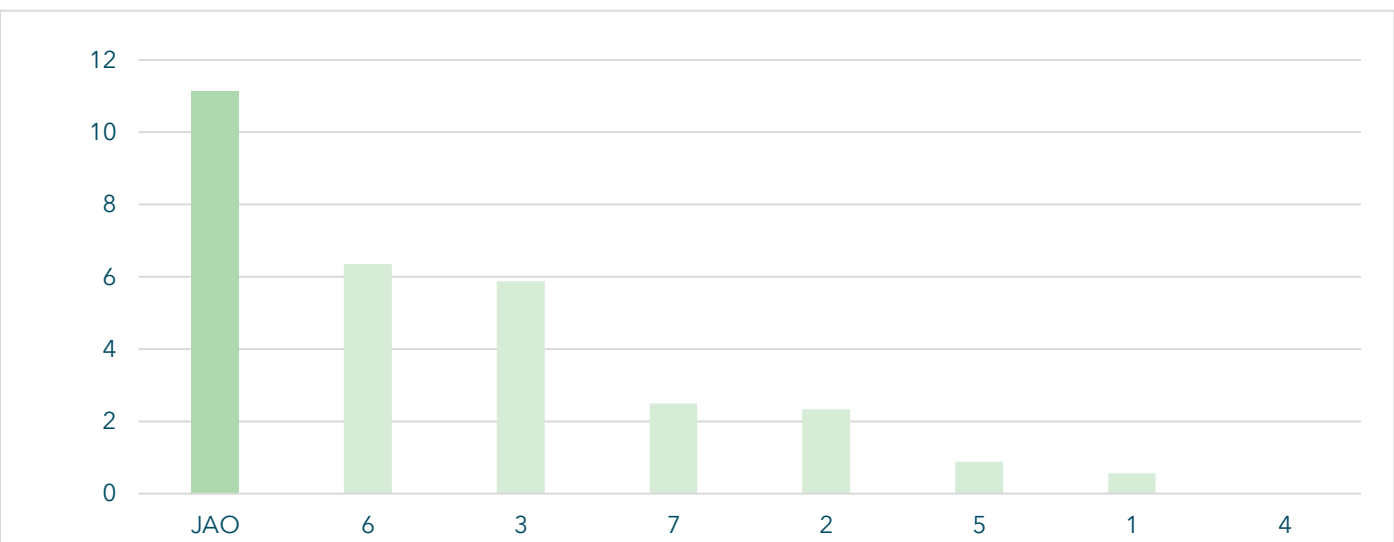
There are limitations in making comparisons because of differences in the responsibilities of the audit offices, their business models, prevailing costs in the economy, budgetary arrangements and applicable accounting frameworks. However, the results from our 2022 analyses show the same as in previous years: the JAO provides a significant volume of reports to the States Assembly, particularly when compared to relative populations.



### Number of reports issued in 2022 compared to other audit offices



### Number of reports (other than on financial statements) per 100,000 population issued in 2022

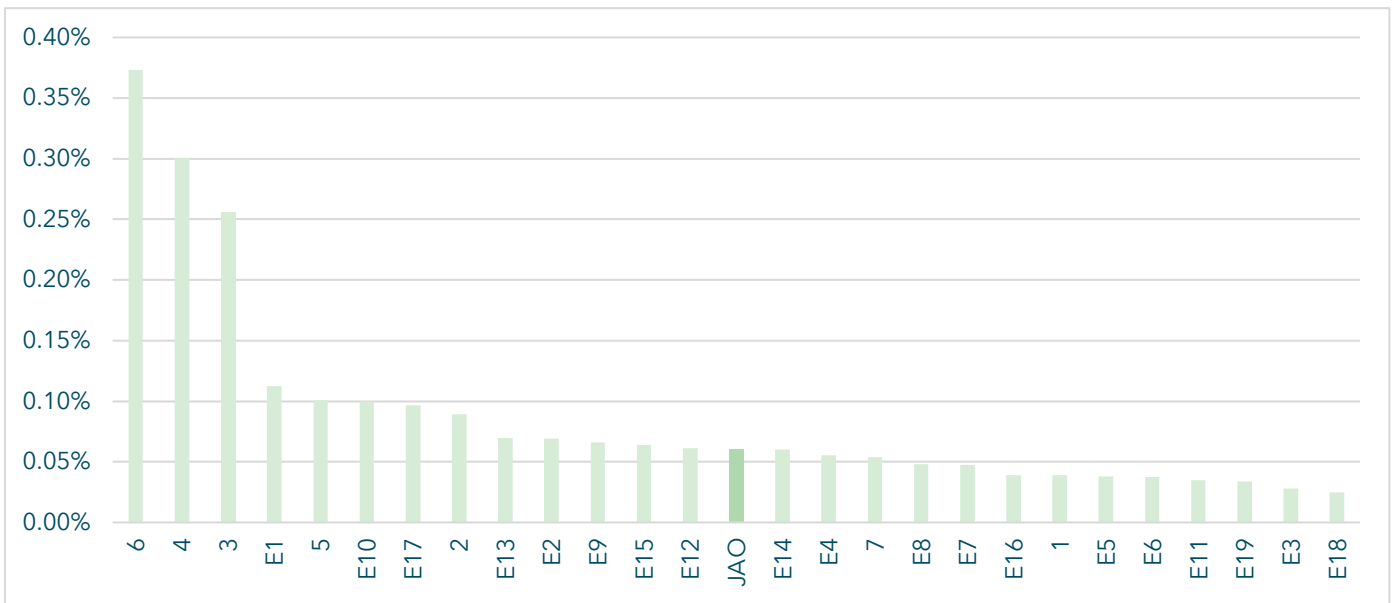


Source: JAO analysis

# Performance Analysis

Since 2021, the JAO has been a member of the EURORAI and this has provided us with further benchmarking data on the cost of audit offices compared to government expenditure. The combined analysis of JAO costs to the original group of seven and the 18 EURORAI members with fewer than 50 staff shows that the JAO's costs are in the middle of the range.

## Expenditure of JAO and comparative audit offices as a proportion of expenditure of government



Source: JAO analysis

## Website and communications

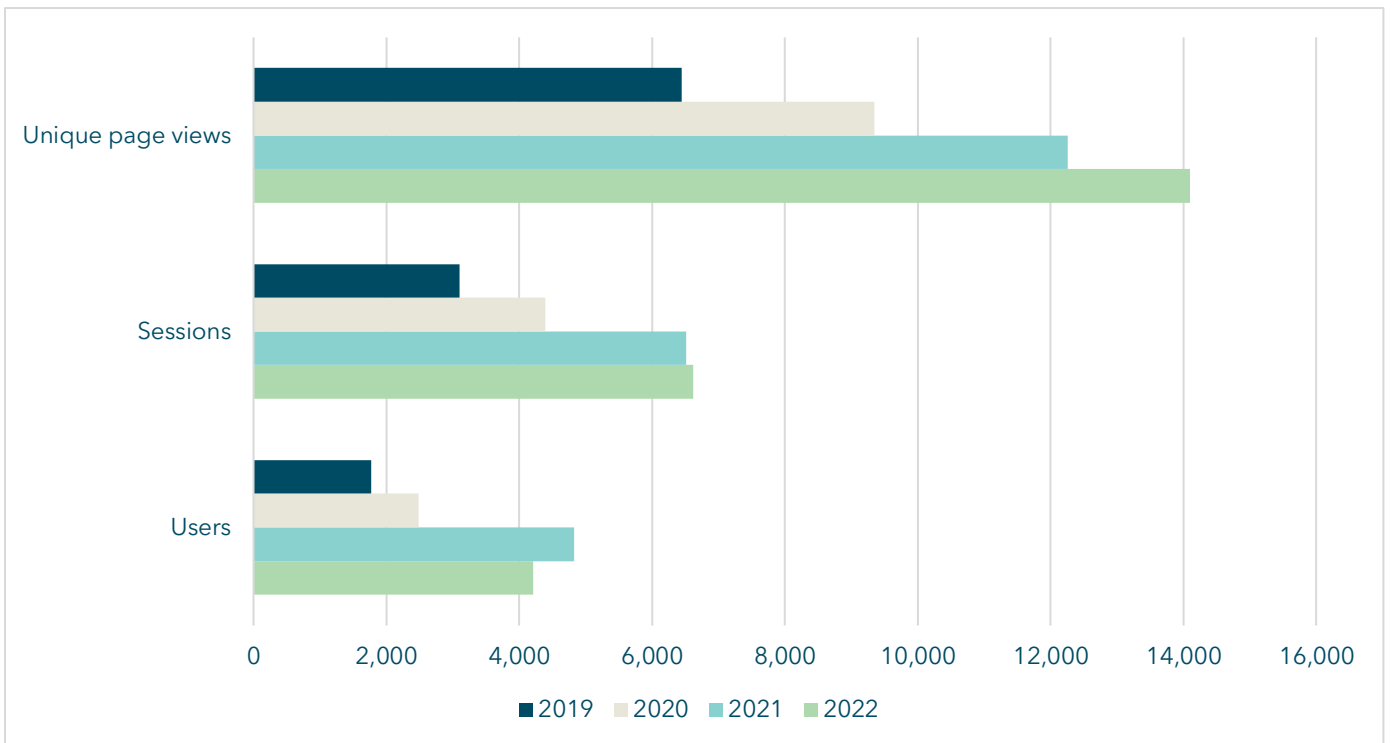
In the run up to the general election period, the JAO observed the 'pre-election period' by restricting its activities and public announcements so as not to influence voters. During the pre-election period, the C&AG developed and, following the general election, launched, an updated website. This included improved tools together with summaries and links to all past C&AG reports.

In 2022, the number of users of the JAO website decreased slightly compared to 2021, but the number of sessions and unique page views both increased.

# Performance Analysis



## Website statistics



Source: JAO analysis

When reports are issued by the C&AG they are sent individually to all States Members as well as to the lay members of the PAC, senior Government officers, the Board of Governance and the press. They are also submitted to the States Assembly and are published on the States Assembly website as well as the JAO website. Since July 2020, the C&AG has monitored the downloads of reports from the JAO website. During 2021, 1,592 pdf documents were downloaded from the website, mostly reports or project specifications. This compares to 3,662 pdf downloads in 2021 and 1,554 in 2020.

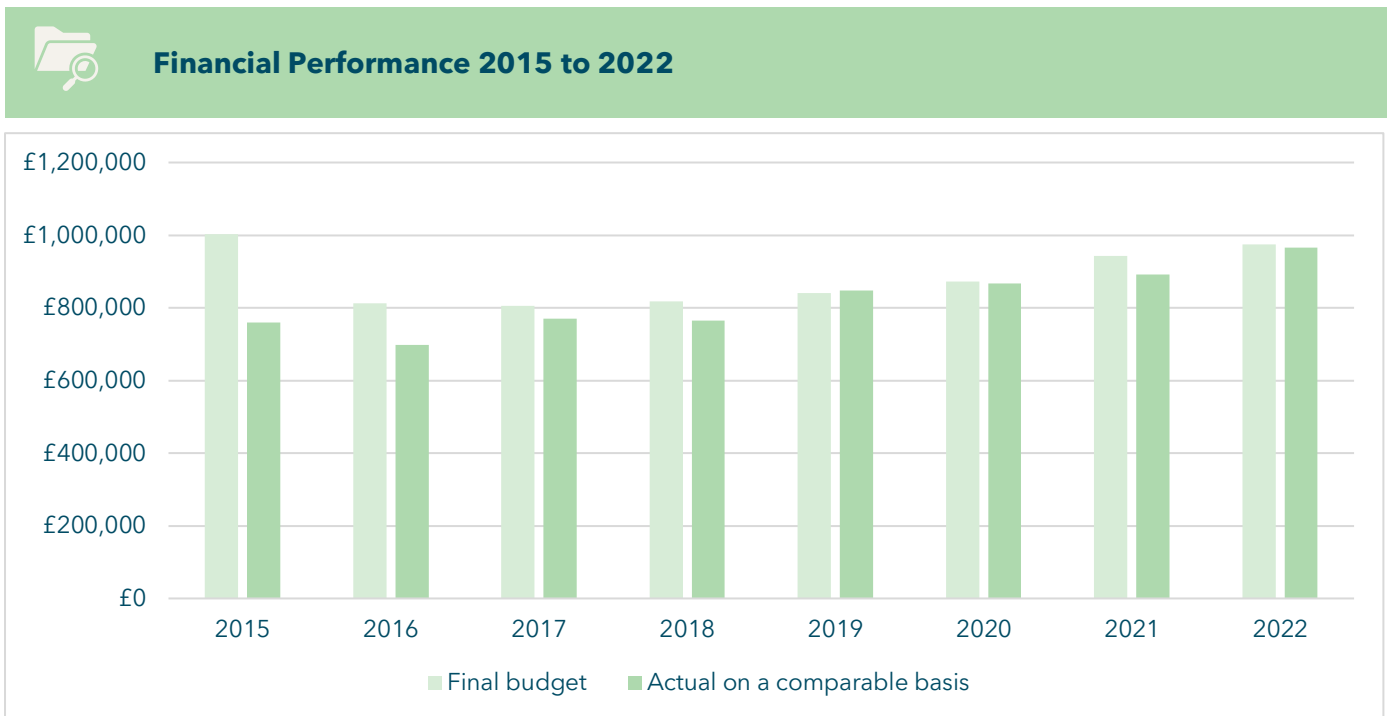
# Financial Performance

Resources for the C&AG are allocated through the Government Plan.

Over the last eight years the JAO's expenditure has increased by £207,000 which, after allowing for inflation, represents a 2% increase in real terms. The main cost pressure during this period has been in respect of the audit of the accounts of the States of Jersey and other entities. This reflects:

- increased costs within the audit market as a whole; and
- greater focus by the C&AG on assessing the quality of work carried out by appointed auditors.

The C&AG mitigates the impact of audit fee pressures by subjecting all audit appointments to competitive tendering.



Source: JAO Audited Annual Accounts 2015 to 2022

For 2022, the C&AG achieved an underspend of £8,600 representing 0.9% of the allocated budget of £975,000. This saving was achieved through lower than expected costs in a number of areas including:

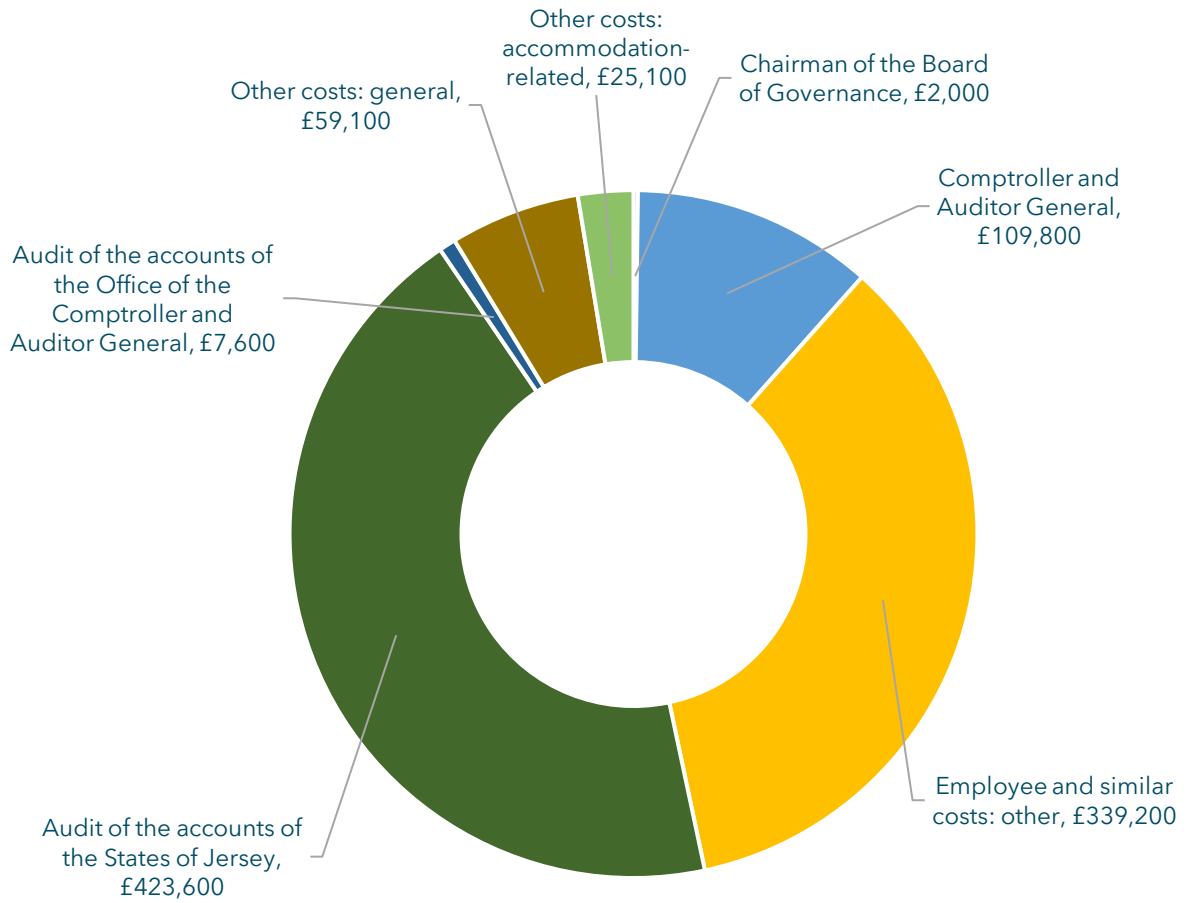
- Deputy Comptroller and Auditor General and Affiliate costs; and
- accommodation costs.

A detailed breakdown of the C&AG's costs in 2022 is set out below. Further information on the financial performance is provided in the Annual Accounts.

# Financial Performance



## Analysis of costs incurred by the C&AG in 2022



Source: JAO Audited Annual Accounts 2022



## Section 2: Accountability Report

The Accountability Report provides key accountability information to the States Assembly. It comprises:

- the **Corporate Governance Report** which describes the JAO's governance structures and how they support the achievement of its objectives. It contains the C&AG's Report, the Statement of Responsibilities of the C&AG and the Governance Statement
- the **Remuneration and Staff Report** which provides information about the remuneration paid to the C&AG, the Deputy C&AG, the Chair of the Board of Governance and independent contractors working for the JAO; and
- the **Accountability Statement** and **Audit Report** which bring together two further reports that form a key part of the C&AG's and JAO's accountability. These are the Board of Governance report on the C&AG's expenses and the JAO's independent auditor's report on the annual accounts.



# Corporate Governance Report

## Comptroller and Auditor General's Report

I was appointed as C&AG on 1 January 2020 and personally direct the activities of the JAO with the support of the Deputy C&AG.

The Board of Governance of the Office of the Comptroller and Auditor General comprises a chair, two independent members and the C&AG (ex officio). During 2022, the post holders were:

- Grace Nesbitt OBE (Chair)
- Professor Russel Griggs OBE (Senior Independent Member)
- Mr Robert Tinlin MBE (Independent Member)
- Lynn Pamment (C&AG).

All members of the Board of Governance have to complete a declaration of interests.

No Board members declared significant company directorships or other interests that might have conflicted with their responsibilities. No member of the Board had any other related-party interests.

### **Statement of Responsibilities of the Comptroller and Auditor General**

Under the Comptroller and Auditor General (Jersey) Law 2014, the C&AG is required to prepare annual accounts. The accounts are prepared on an accruals basis.

I confirm that, as far as I am aware, there is no relevant audit information of which the external auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the external auditors are aware of that information. In preparing these accounts, I have adopted International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board and, in particular, I have:

- observed the relevant accounting and disclosure requirements and applied suitable accounting policies on a consistent basis
- made judgements and estimates on a reasonable basis; and
- prepared the accounts on a going concern basis.

I confirm that this Annual Report and Accounts as a whole is fair, balanced and understandable.

# Corporate Governance Report

## Governance statement

### My responsibilities

The C&AG has responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the JAO's policies, aims and objectives, while safeguarding the public funds and assets.

### How the C&AG discharges her responsibilities

Given the small size of the JAO, the C&AG performs her functions without a formal management team. In her absence she delegates her responsibilities to the Deputy C&AG.

The C&AG secures an effective system of governance and a sound system of internal control including by:

- preparing, communicating and implementing appropriate policies and procedures, in areas such as complaints and data security
- to the extent appropriate to the circumstances of the JAO, using the corporate financial and other systems of the States of Jersey. For financial systems, a service level agreement is in place. Using such systems means that the JAO does not maintain its own bank account with the attendant risks
- monitoring expenditure against budget
- seeking professional advice from the States where necessary and appropriate, including from the Law Officers' Department and the States' corporate procurement team
- maintaining a contracts register and a gifts and hospitality register; and
- reviewing the performance of the appointed auditors.

### Risk management

The C&AG with support of her Deputy operates a risk register that is reviewed at each meeting of the Board of Governance.

### Personal data related incidents

There were no protected personal data related incidents reportable to the Office of the Information Commissioner in 2022 for my Office. Neither were there any other personal data related incidents.

# Corporate Governance Report

## The Board of Governance



The Board of Governance, established under the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015 (the '2015 Order'), is responsible for keeping under review whether the resources provided to the C&AG by the States Assembly have been and are being used properly, efficiently and effectively. The Order provides for the membership of the Board to comprise two or three independent members appointed by the States, plus the C&AG, with a quorum of the C&AG and at least two independent members. Independent members of the Board are appointed by the States Assembly for four year terms and may not serve more than two terms.

On 26 January 2023, the Chief Minister, at the request of the Board of Governance and with the agreement of the Chair of the Public Accounts Committee, amended the 2015 Order. The Order was amended to:

- increase the maximum number of independent members to four
- increase the length of each term of appointment to up to five years; and
- set the maximum aggregate term length for which members may be appointed as nine years, rather than two terms.

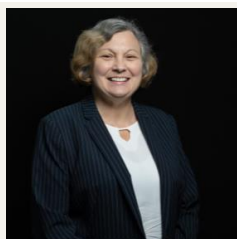
The amendments were intended to provide the Board with greater flexibility, particularly during transition periods as Board members reach the end of their terms of office and new members are appointed. The Board is looking to recruit an on-Island person as a fourth independent member of the Board.

The Board has been keen to develop its engagement with the local community and to play a role in leadership development. In parallel with the Government of Jersey's Board Apprentice programme the Board appointed its own Board Apprentice in March 2023.

# Corporate Governance Report



## Profiles of Board of Governance members

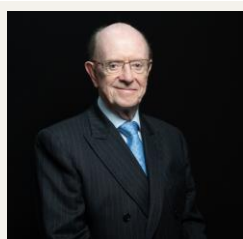


**Grace Nesbitt OBE**

Chair

Grace was a senior human resources professional in the Northern Ireland Civil Service. Before she retired she was responsible for Public Service and Civil Service Pensions with 100 staff and a budget of £300 million.

Grace is also an independent member of a public sector audit committee and a director of a social enterprise company which provides training and work opportunities for disadvantaged adults.

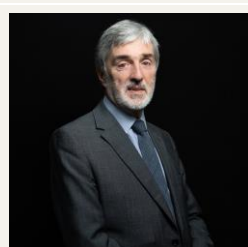


**Professor Russel Griggs OBE**

Independent Member

Russel is an experienced business professional and has worked in a number of large private businesses as well as in large organisations and projects in the public sector.

He has held a wide range of executive and non-executive roles in private, public and charitable institutions, including the Lending Standards Board, Scottish Mines Restoration Trust, Marie Curie Cancer Trust and the Audit Committee of the Department of Employment and Learning in Northern Ireland. He was previously a Board member of Audit Scotland and Chair of its Remuneration Committee. Russel is currently Chair of South of Scotland Enterprise.



**Robert Tinlin MBE**

Independent Member

Rob has had a successful career in local government, serving in both Scottish and English councils. He is a Chartered Town Planner but much of his career has been in corporate governance. He held the post of Chief Executive for both South Northamptonshire Council and Southend-on-Sea Borough Council.

Rob is a non-executive director with the Crown Office and Procurator Fiscal Service, on its Executive Board, Business Improvement Committee and Chairing its Audit & Risk Committee. He has served on a range of public organisations including as a board member of NHS Digital and as a member of its remuneration, management and audit and risk committees.



**Lynn Pamment**

Comptroller and Auditor General and ex officio member of the Board

Prior to her appointment as C&AG, Lynn was a lead partner in PwC UK's Government and Public Sector Assurance practice where she gained over 30 years' experience of working in an assurance and advisory capacity with public and private sector organisations in the UK and beyond. She was also PwC's Cardiff Office Senior Partner responsible for PwC's practice of over 250 professional staff in Wales.

Lynn is a first class honours graduate from Cardiff University. She is a prize winning member of the Institute of Chartered Accountants in England and Wales (ICAEW) and is also a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).

Lynn is a UK member of the International Public Sector Accounting Standards Board and is the Chair of the Financial Reporting Advisory Board to UK HM Treasury.

# Corporate Governance Report

The Board is responsible for:

- scrutinising the use of resources by and the governance arrangements of the C&AG
- reporting any concerns to the Chief Minister and the Chair of the PAC
- if requested by the Chair of the PAC, advising on the appointment of auditors of the accounts of the C&AG
- reviewing any estimates submitted by the C&AG to the Chair of the PAC for the purposes of the Medium-Term Financial Plan or the budget
- reviewing the audited accounts of the C&AG; and
- if requested by the C&AG, advising on the appointment, remuneration and terms and conditions of the Deputy C&AG.

The Board also has a power to prepare an assurance report on the expenses of the C&AG.

## How the Board of Governance discharged its responsibilities



The Board met three times during 2022, including one on-Island meeting. While on-Island Board members met key stakeholders including the Chief Minister, members of the PAC and the Chief Executive. All members of the Board attended all meetings. During 2022, the Board:

- reviewed the JAO risk register
- monitored the financial performance of the JAO, including the expenses incurred by the C&AG
- reviewed the gifts and hospitality register maintained for the JAO
- received and reviewed the report from the external auditors appointed by the Chair of the PAC on the JAO accounts; and

# Corporate Governance Report

- approved an assurance statement on the C&AG's 2021 expenses. For 2022, the Board has prepared an assurance statement for the C&AG's 2022 expenses and this is included within this Accountability Report.

The Board did not report any matter to the Chief Minister and Chair of the PAC.

The Board continued to implement its action plan, based on a review commissioned by the Board and carried out by the UK National Audit Office, to improve its own effectiveness. The National Audit Office issued its final report in April 2020. In the concluding remarks it noted that 'the Board has made a good job of establishing itself, fulfilling its baseline functions at low cost, and it continues to evolve.' The National Audit Office set out areas where it felt that 'the Board could build on its trajectory of continuous improvement'. These included:

- diversity, roles and succession planning
- strategic ambition and performance indicators
- refining the remit of the Board; and
- evaluation of the Board and individual members.

Following the Board's annual strategic review in October 2022, the Board concluded that all actions had been implemented or were in hand.

## Public Finances Manual

The Public Finances Manual (PFM) sets out best practice, high level principles and requirements for financial management of the States of Jersey. In consultation with the C&AG, a new section was published in 2022 to set out specific considerations for the JAO. The JAO is currently updating its suite of policies and procedures to reflect fully this new PFM section. In the meantime, the JAO has continued to adopt policies and procedures that comply with the PFM requirements.

## Quality of data used

Both the Board of Governance and the C&AG rely on financial information drawn from the States of Jersey's financial systems that are subject to review and scrutiny by the Deputy C&AG and an affiliate working for the C&AG. Both the Board of Governance and I are satisfied that such financial information is acceptable for the purposes for which it is used.

## Review of effectiveness

I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by my own work, the work of those working for me, the work of the Board of Governance and information received from the States. Based on that review I am satisfied with the arrangements in place for governance, risk management and internal control.

# Corporate Governance Report

## Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the JAO's system of internal controls in 2022 that affected the achievement of the JAO's key policies, aims and objectives.

The Corporate Governance Report has been signed on 10 May 2023.



## Lynn Pamment

Comptroller and Auditor General


# Remuneration and Staff Report

During 2022, the JAO relied on the services of fourteen independent contractors, including the C&AG and the Deputy C&AG. The JAO has no employees.

 Fees paid to independent contractors		
Independent contractor	Fees paid 2022 £	Fees paid 2021 £
Comptroller and Auditor General	109,800	106,900
Deputy Comptroller and Auditor General	85,700	82,100
Other independent contractors	253,500	240,600
<b>Total</b>	<b>449,000</b>	<b>429,600</b>

The remuneration of independent contractors comprises only fees; they do not receive any bonuses, non-cash benefits or pension benefits. The C&AG is remunerated at a daily rate under the terms of a contract entered into on behalf of the Chief Minister and the Chair of the PAC. The Deputy C&AG and other independent contractors are remunerated at daily rates under the terms of contracts entered into by the C&AG. All remuneration is subject to oversight by the Board of Governance as part of its statutory duties.

The remuneration of the Chair of the Board of Governance is determined by the States Assembly. Board of Governance independent members are not remunerated.

 Remuneration of the Chair of the Board of Governance		
Chair	Fees paid 2022 £	Fees paid 2021 £
Peter Price (to 13 March 2021)		417
Grace Nesbitt OBE (from 14 March 2021)	2,000	1,583
<b>Total</b>	<b>2,000</b>	<b>2,000</b>

No payments in compensation for loss of office were made in the year and no payments were made to any office holder who was not in post during the year.

The Remuneration and Staff Report has been signed on 10 May 2023.



**Lynn Pamment**

Comptroller and Auditor General



# Report of the Board of Governance of the Office of the Comptroller and Auditor General to the States Assembly on the expenses of the Comptroller and Auditor General

Article 5(7) of the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015 provides that the Board may prepare an assurance report upon the annual expenses of the Comptroller and Auditor General.

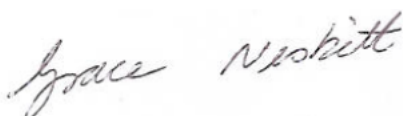
## Scope of our work

We have through the course of 2022 and in preparing this statement:

- obtained an understanding of the controls and processes in place over the expenses incurred by and on behalf of the Comptroller and Auditor General for travel and subsistence
- received an analysis of the expenses incurred by and on behalf of the Comptroller and Auditor General for travel and subsistence for the year ended 31 December 2022
- assessed the reasonableness of those expenses in light of the role of the Comptroller and Auditor General
- sought explanations for any unusual items; and
- evaluated the reasonableness of such explanations.

## Statement

No matters have arisen from our work that we wish to draw to the attention of the States Assembly.



### **Grace Nesbitt OBE**

Chair

For and on behalf of the Board of Governance of the Office of the Comptroller and Auditor General

10 May 2023

# Independent Auditors Report to the Comptroller and Auditor General

## Opinion

We have audited the financial statements of the Office of the Comptroller and Auditor General (the 'Office of the C&AG') for the year ended 31 December 2022 which comprise the Statement of comprehensive net expenditure, Statement of financial position, Statement of comparison of budget and actual amounts and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Public Sector Accounting Standards (IPSAS).

In our opinion, the financial statements:

- give a true and fair view of the state of the Office of the C&AG's affairs as at 31 December 2022 and of its total comprehensive net expenditure for the year then ended;
- are in accordance with International Public Sector Accounting Standards; and
- are in accordance with the requirements of the Comptroller and Auditor General (Jersey) Law 2014.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Office of the C&AG in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The Comptroller and Auditor General is responsible for the other information. The other information comprises the information included in the 'Annual Report and Accounts', other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

# Independent Auditors Report to the Comptroller and Auditor General

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Comptroller and Auditor General for the financial statements

As explained more fully in the Corporate Governance Report set out from Page 33 of the Annual Report and Accounts, the Comptroller and Auditor General is responsible for the preparation of the financial statements which give a true and fair view in accordance with the Comptroller and Auditor General (Jersey) Law 2014, and for such internal control as the Comptroller and Auditor General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Comptroller and Auditor General is responsible for assessing the Office of the C&AG's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the C&AG's internal control.

# Independent Auditors Report to the Comptroller and Auditor General

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the C&AG's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office of the C&AG to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Use of our report

This report is made solely to the Comptroller and Auditor General, in accordance with Article 19 of the Comptroller and Auditor General (Jersey) Law 2014. Our audit work has been undertaken so that we might state to the Comptroller and Auditor General those matters we are required to state to her in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Comptroller and Auditor General for our audit work, for this report, or for the opinions we have formed.



### **Grant Thornton Limited**

Chartered Accountants

St Helier, Jersey

10 May 2023



# Annual Accounts

Office of the Comptroller and Auditor General:

Annual Accounts for the year ended 31 December 2022

# Annual Accounts

## Statement of comprehensive net expenditure

For the year ended 31 December 2022

	Notes	2022	2021
<b>Expenses</b>		£	£
Employee and similar costs: Chairman of the Board of Governance		2,000	2,000
Employee and similar costs: Comptroller and Auditor General		109,800	106,900
Employee and similar costs: other	4	339,200	322,700
Other costs: audit of the accounts of the States of Jersey	5	423,600	384,800
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General		7,600	7,000
Other costs: recruitment to Board of Governance		0	0
Other costs: general	6	59,100	41,200
Other costs: accommodation-related	7	25,100	27,600
<b>Total comprehensive net expenditure</b>		<b>966,400</b>	<b>892,200</b>

# Annual Accounts

## Statement of financial position

	Notes	31 December 2022	31 December 2021
		£	£
<b>Assets</b>			
<b>Current assets</b>			
Trade receivables from exchange transactions	8	89,200	5,500
Receivables from non-exchange transactions: States of Jersey Consolidated Fund		342,200	523,400
<b>Total assets</b>		<b>431,400</b>	<b>528,900</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables from exchange transactions	9	431,400	528,900
<b>Total current liabilities</b>		<b>431,400</b>	<b>528,900</b>
<b>Total liabilities</b>		<b>431,400</b>	<b>528,900</b>
<b>Net assets</b>		<b>0</b>	<b>0</b>

# Annual Accounts

Statement of comparison of budget and actual amounts

For the year ended 31 December 2022

	Note	2022	2021
<b>Net revenue expenditure</b>		£	£
Original budget	17	957,000	870,000
Adjustments	17	18,000	73,000
Final budget	17	975,000	943,000
Actual on comparable basis		966,400	892,200
Performance difference		8,600	50,800



# Annual Accounts

## Notes to the financial statements

### 1 General Information

These financial statements were authorised for issue by the Comptroller and Auditor General on 10 May 2023

The Comptroller and Auditor General is a corporation sole established by the States of Jersey under the Comptroller and Auditor General (Jersey) Law 2014. The financial activities of the Office of the Comptroller and Auditor General are included within the financial statements of the States of Jersey presented to the States Assembly by the Minister for Treasury and Resources (R.73/2023).

The Office of the Comptroller and Auditor General's principal activity is serving as a supreme audit institution for Jersey and is located in Jersey.

The financial statements cover the individual entity as no other entities have been identified for inclusion within the financial statements in accordance with applicable accounting standards.

### 2 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in pounds sterling which is the functional and reporting currency of the Office of the Comptroller and Auditor General and all values are rounded to the nearest one hundred pounds.

The financial statements are prepared on the basis of historical cost unless otherwise stated. The financial statements are prepared on an accruals basis.

### 3 Summary of significant accounting policies

#### a) Reporting financial performance

The expenses of the Office of the Comptroller and Auditor General are directly met by the States of Jersey and no cash or equivalent is advanced to the Office of the Comptroller and Auditor General. The Office of the Comptroller and Auditor General has no rights to funding voted by the States Assembly but not utilised in the course of the year.

Therefore:

- these financial statements include a Statement of Comprehensive Net Expenditure as the Office of the Comptroller and Auditor General receives no income
- the Statement of Financial Position includes Receivables from non-exchange transactions representing the amounts payable by the States of Jersey's Social Security Funds to meet the liabilities of the proportion of the costs of the audit of the financial statements of the States falling on the Social Security Funds

# Annual Accounts

- the Statement of Financial Position includes Receivables from non-exchange transactions representing the amounts payable by the States of Jersey's Consolidated Fund to meet the liabilities of the Comptroller and Auditor General
- the Statement of Financial Position includes no reserves; and
- no Cash Flow Statement is prepared as there are no cash flows specifically attributable to the Office of the Comptroller and Auditor General.

## **b) Recognition of expenditure**

Expenditure in respect of fees for the audit of the annual financial statements of the States of Jersey and the Office of the Comptroller and Auditor General are recognised in the period to which the financial statements relate. Expenditure is stated net of the amount falling on the Social Security Funds in respect of the audit of the States of Jersey as full responsibility for the portion of the cost of the audit of the Social Security Funds rests with the Social Security Funds and the Comptroller and Auditor General is acting as an agent in respect of this amount.

Expenditure in respect of fees for other work undertaken for the Office of Comptroller and Auditor General is recognised in the period in which the service is provided.

Expenditure is reported net of Goods and Services Tax.

## **c) Property, plant and equipment**

The Office of the Comptroller and Auditor General's policy is to recognise property, plant and equipment in the financial statements at cost less accumulated depreciation where the cost of an individual item or group of items exceeds £10,000. No such items were held at 31 December 2022 (or 31 December 2021).

## **d) Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits of ownership of the leased item to the Office of the Comptroller and Auditor General. Operating lease payments are recognised as an operating expense on a straight-line basis over the lease term.

## **e) Provisions**

Provisions are recognised when the Office of the Comptroller and Auditor General has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Office of the Comptroller and Auditor General does not recognise contingent liabilities but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

# Annual Accounts

The Office of the Comptroller and Auditor General does not recognise contingent assets but discloses in the notes to the financial statements details of any possible assets whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Office of the Comptroller and Auditor General.

## **f) Related parties**

The Office of the Comptroller and Auditor General regards a related party as a person or entity with the ability to exercise significant influence over the Comptroller and Auditor General.

## **g) Changes in accounting policies and estimates**

The Office of the Comptroller and Auditor General recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

There are no changes in accounting policy compared with the financial statements for the year ended 31 December 2021.

The Office of the Comptroller and Auditor General recognises the effects of changes in accounting estimates prospectively by including them in net expenditure.

## **h) Classification of expenses**

The Office of the Comptroller and Auditor General adopts an expenditure classification that is relevant to the circumstances of the Office.

## **i) Budget information**

The annual budget for the expenditure of the Office of the Comptroller and Auditor General is prepared on the basis of 'near cash' expenditure as defined in the Jersey Financial Reporting Manual (which is based on UK-adopted International Financial Reporting Standards). The budget classification used is that adopted by the States of Jersey.

## **j) Significant judgements and sources of estimation uncertainty**

The preparation of the financial statements of the Office of the Comptroller and Auditor General in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of any contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, the Office of the Comptroller and Auditor General has made judgements which have an effect on the amounts recognised in the financial statements. The most significant judgements relate to:

# Annual Accounts

- the accounting policy for the recognition of expenditure on fees for the audit of the States of Jersey disclosed in Note 3 b) above; and
- the accounting policy for audit fees in respect of the States of Jersey Social Security Funds disclosed in Note 3 b) above.

The Office of the Comptroller and Auditor General has not identified any assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **k) New IPSAS**

The Office of the Comptroller and Auditor General has determined that:

- IPSAS 41 Financial Instruments
- IPSAS 42 Social Benefits
- Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41)
- Collective and Individual Services (Amendments to IPSAS 19); and
- Improvements to IPSAS, 2019

for which first time adoption is required for financial periods beginning on or after 1 January 2023 but early adoption is permitted, will have no impact on the reporting financial position or performance of the Office.

The Office of the Comptroller and Auditor General has determined that adoption of IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations, for which first time adoption is required for financial periods beginning on or after 1 January 2025 but early adoption is permitted, will have no impact on the reporting financial position or performance of the Office.

First time adoption of IPSAS 43 Leases is required for financial periods beginning on or after 1 January 2025 but early adoption is permitted. The Office of the Comptroller and Auditor General is yet to determine whether it will adopt IPSAS 43 early. The Office of the Comptroller and Auditor General anticipates that the implementation of IPSAS 43 will increase assets through the recognition of a right of use asset for assets held under operating leases and increase liabilities through the recognition of a lease liability for those assets.

# Annual Accounts

## 4 Employee and similar costs: other

	2022	2021
	£	£
Deputy Comptroller and Auditor General	85,700	82,100
Affiliates	165,700	159,100
States employee, finance, communication & administrative support	87,800	81,500
	<b>339,200</b>	<b>322,700</b>

## 5 Other costs: audit of States accounts

This expenditure is stated net of a charge to the States of Jersey's Social Security Funds of £81,500 (2021: £74,000).

# Annual Accounts

## 6 Other costs: general

	2022	2021
	£	£
Audit Quality Monitoring	15,900	15,900
Equipment purchase	2,900	0
ICT support	9,500	10,900
Computer licences	700	100
Communications	1,800	1,800
Travel and accommodation: Chair	500	0
Travel and accommodation: Comptroller and Auditor General	10,800	8,500
Travel and accommodation: Deputy Comptroller and Auditor General	3,800	600
Travel and accommodation: other	9,400	1,000
Conferences and course fees	2,300	2,200
Other fees	1,000	0
Administration	500	200
	<b>59,100</b>	<b>41,200</b>

# Annual Accounts

## 7 Other costs: accommodation-related

	2022	2021
	£	£
Premises and maintenance	24,900	27,200
Printing and stationery	200	400
	<b>25,100</b>	<b>27,600</b>

## 8 Trade receivables from exchange transactions

	2022	2021
	£	£
Prepayments	89,200	5,500
	<b>89,200</b>	<b>5,500</b>

## 9 Trade payables from exchange transactions

	2022	2021
	£	£
Trade payables	3,800	25,800
Accruals	427,600	503,100
	<b>431,400</b>	<b>528,900</b>

## 10 Financial instruments - financial risk management

The fair value of receivables from exchange transactions is equal to their carrying value due to the short-term maturities of these instruments.

As the Office of the Comptroller and Auditor General has no assets arising from exchange transactions, the Office of the Comptroller and Auditor General is not exposed to any credit risk.

# Annual Accounts

As the States of Jersey meet the liabilities of the Office of the Comptroller and Auditor General, the Office of the Comptroller and Auditor General is not exposed to any liquidity risk.

As the Office of the Comptroller and Auditor General does not enter into any contracts for supply of goods or services not denominated in sterling, the Office of the Comptroller and Auditor General is not exposed to any currency risk.

As the Office of the Comptroller and Auditor General does not have any interest-bearing assets or liabilities, the Office of the Comptroller and Auditor General is not exposed to any market risk.

## 11 Related party disclosures

### *Terms and conditions of transactions with related parties*

Lynn Pamment, who was Comptroller and Auditor General during 2022 and 2021 was engaged on a self-employed basis. Stephen Warren is engaged as Deputy Comptroller and Auditor General on a self-employed basis. Purchases from Lynn Pamment and Stephen Warren were made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received from any related party payable.

### *Key management personnel*

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, comprised Lynn Pamment, as Comptroller and Auditor General, a corporation sole established by Article 2 of the Comptroller and Auditor General (Jersey) Law 2014 and Stephen Warren, Deputy Comptroller and Auditor General, who was empowered under Article 16 of the Comptroller and Auditor General (Jersey) Law 2014 to discharge the functions of Comptroller and Auditor General in Lynn Pamment's absence. Lynn Pamment and Stephen Warren were engaged on a self-employed basis and the total expenditure on their engagement amounts to £195,500 (£189,000 2021).

### *States of Jersey*

Article 9 of the Comptroller and Auditor General (Jersey) Law 2014 places a duty on the States to ensure that the Comptroller and Auditor General is provided with sufficient resources to perform her functions.

The duty to ensure that sufficient resources are provided is discharged by the States meeting the costs of the Office of the Comptroller and Auditor General.

### *States of Jersey Social Security Funds*

The Social Security Fund, Social Security (Reserve) Fund, Health Insurance Fund and Long-Term Care Fund established by the States of Jersey meet the portion of the cost of the audit of the States' accounts relating to those Funds.



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## 12 Operating lease payments

The Comptroller and Auditor General entered into a new operating lease agreement for serviced office accommodation on 21 December 2021 for a period of four years to December 2025. Under the terms of the lease rent increases on 21 December each year by Jersey Retail Prices Index with effect from 1 January 2023. The term of the lease automatically renews for further successive periods of four years until terminated by either the lessee or lessor. Future minimum lease payments under the new agreement amount to £86,600 (2021: £113,100), £28,900 (2021: £26,600) of which is payable within one year, with the remaining £57,700 (2021: £86,500) being payable between 2 to 5 years inclusive.

Lease payments recognised as an expense during the period amounted to £25,100 (2021: £29,100). This includes an initial rent free period of one month in accordance with the terms of the lease which has been recognised in full in the first year of the lease.

## 13 Contingent liabilities

At the end of the financial year the Office of the Comptroller and Auditor General had no contingent liabilities (31 December 2021: nil).

## 14 Segment information

The Office of the Comptroller and Auditor General is organised into two functional areas:

- The Jersey Audit Office which is directed by the Comptroller and Auditor General and through which she delivers her responsibilities to:
  - report to the States Assembly on the effectiveness of internal control, general corporate governance arrangements and economy, efficiency and effectiveness; and
  - appoint auditors of the accounts of the States and other specified entities; and
- Oversight which includes:
  - the review of the annual report and audit of financial statements of the Comptroller and Auditor General by external auditors; and
  - the Board of Governance, comprising three independent members appointed by the States Assembly and the Comptroller and Auditor General ex officio, which is responsible for keeping under review whether the resources provided to the Comptroller and Auditor General by the States Assembly are used properly, efficiently and effectively.

Expenditure attributable to the governance business unit comprises:

- the remuneration and expenses of the independent members of the Board of Governance established under the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015

# Annual Accounts

- a proportion of the remuneration of the Comptroller and Auditor General reflecting the time spent preparing for and attending meetings of the Board
- a proportion of the remuneration of the Deputy Comptroller and Auditor General reflecting the time spent in his capacity as Secretary of the Board
- the fee for the audit of the accounts of the Office of the Comptroller and Auditor General; and
- other costs directly related to the work of the Board.

The Office of the Comptroller and Auditor General operates in only one geographic location and therefore no segments are monitored geographically.

## Reportable segments 2022

	General operations	Governance	Total
Segment expenses	£	£	£
Employee and similar costs: Chairman of the Board of Governance	0	2,000	2,000
Employee and similar costs: Comptroller and Auditor General	103,900	5,900	109,800
Employee and similar costs: other	327,600	11,600	339,200
Other costs: audit of the accounts of the States of Jersey	423,600	0	423,600
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General	0	7,600	7,600
Other costs: general	57,400	1,700	59,100
Other costs: accommodation-related	24,900	200	25,100
<b>Total comprehensive net expenditure</b>	<b>937,400</b>	<b>29,000</b>	<b>966,400</b>
<b>Other information</b>			
Segment assets	423,800	7,600	431,400
Segment liabilities	423,800	7,600	431,400

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## Reportable segments 2021

	General operations	Governance	Total
<b>Segment expenses</b>	£	£	£
Employee and similar costs: Chairman of the Board of Governance	0	2,000	2,000
Employee and similar costs: Comptroller and Auditor General	105,400	1,500	106,900
Employee and similar costs: other	316,800	5,900	322,700
Other costs: audit of the accounts of the States of Jersey	384,800	0	384,800
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General	0	7,000	7,000
Other costs: recruitment to Board of Governance	0	0	0
Other costs: general	41,200	0	41,200
Other costs: accommodation-related	27,600	0	27,600
<b>Total comprehensive net expenditure</b>	<b>875,800</b>	<b>16,400</b>	<b>892,200</b>
<b>Other information</b>			
Segment assets	521,900	7,000	528,900
Segment liabilities	521,900	7,000	528,900

## 15 Events after the reporting period

There are no material non-adjusting events after the reporting date.

# Annual Accounts

## 16 Reconciliation of performance against budget to Statement of Comprehensive Net Expenditure

There is potential for differences between the financial performance of the Office of the Comptroller and Auditor General reported in the Annex to the States of Jersey 2022 Annual Report and Accounts and that reported in these financial statements as a result of:

- use of a different definition of expenditure
- use of different accounting policies
- use of different estimation procedures
- use of a different unit of rounding; and
- adoption of financial statements on different dates.

Performance against budget for the year ended 31 December 2022 can be reconciled as follows:

	2022	2021
	£	£
<b>Near cash expenditure for the Office of the Comptroller and Auditor General reported on page 196 of the Annual Report and Accounts of the States of Jersey for the year ended 31 December 2022 (page 285 of the Annual Report and Accounts of the States of Jersey for the year ended 31 December 2021)</b>	<b>972,900</b>	<b>883,000</b>
Plus / (minus): Other adjustments	-6,700	8,600
Plus / (minus): Adjustment for different unit of rounding	200	600
<b>Total comprehensive net expenditure</b>	<b>966,400</b>	<b>892,200</b>

# Annual Accounts

## 17 Differences between original budget, final budget and actual

'Original budget 2022' represents the sum for the year ended 31 December 2022 included in the Government Plan 2022-2025 as Amended, approved by the States Assembly on 17 December 2021.

'Adjustments' shows an in-year budget adjustment for the year ended 31 December 2022 approved by Ministerial Decision on 19 December 2022.

'Final budget 2022' shows the final budget reported in the financial statements of the States of Jersey presented to the States Assembly by the Minister for Treasury and Resources (R.73/2023) and reflecting Ministerial Decision MD-TR-2022-814 made by the Minister for Treasury and Resources on 19 December 2022.

The budget is prepared on an accruals basis using the States of Jersey budget classification.

Budget and actuals cover the activities of the Office of the Comptroller and Auditor General.

The principal reason for the variance of actual performance against revised budget relates to adjustments to prepayments and accruals arising from timing differences between date of preparation of the Office of the Comptroller and Auditor General Annual Report and Accounts in March 2023 and the closure of the Government of Jersey financial accounting ledgers in December 2022.



JERSEY AUDIT OFFICE

LYNN PAMMENT

Comptroller and Auditor General

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