

**Office of the Comptroller
and Auditor General
Annual Report and
Accounts 2020**

Contents

Introduction by the Chair of the Board of Governance	3
Performance Report	5
Overview	6
Statement by the Comptroller and Auditor General	6
2020 Highlights	7
About the C&AG and the JAO	12
Performance Analysis	18
Performance Analysis	18
Priorities for 2021	36
Accountability Report	39
Corporate Governance Report	40
Remuneration and Staff Report	51
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	52
Independent Auditor's Report to the Comptroller and Auditor General	53
Annual Accounts	57

Introduction by the Chair of the Board of Governance



I am honoured to present the 2020 Jersey Audit Office (JAO) annual report, my first as Chair of the Board of Governance since my recent appointment on 14 March 2021. The JAO plays a vital role in holding the States of Jersey to account. It does so with a high degree of professionalism, at minimum cost, independently and without fear or favour.

2020 was both momentous and challenging for the work of the Office:

- on 1 January 2020, we welcomed Lynn Pamment as our Comptroller and Auditor General (C&AG). Lynn had been in post for less than three months when, in March, the first cases of COVID-19 were identified in the Island of Jersey; and
- 2020 also brought other potentially challenging issues including the resignation of the auditors of the States of Jersey's financial statements and the expiry of contracts of the JAO's pool of affiliates.

Lynn and her very capable team have taken these challenges in their stride. The transition from Karen McConnell, Lynn's predecessor, was seamless. Lynn revised her audit plan in response to COVID-19, appointed new auditors and refreshed the pool of affiliates.

In particular, I would commend to you the new Code of Audit Practice which the Office produced following the JAO's first ever public consultation. This is a really good read with a common sense and practical approach to best practice.

In such circumstances as we have all struggled over the last year we might have expected to see a dip in performance. I am delighted to report that the performance of your Jersey Audit Office has remained strong, especially when compared internationally to other audit offices.

During 2020 the Board commissioned an external review of its effectiveness, by the UK National Audit Office. The review was constructive and positive. I look forward to completing the implementation as we follow up and follow through on actions which have been recommended to us. I am sure you would expect no less!

I wish to thank Peter Price, my predecessor and the first Chair of the Board, for putting in place strong foundations. Professor Russel Griggs, who has been reappointed to the

Board of Governance has made an invaluable contribution to the work. I also want to welcome Mr Robert Tinlin to the Board.

Finally, my thanks to Lynn and also to Stephen Warren, her Deputy, and other members of the team for all they have done over the last 12 months. They are committed, as we are on the Board of Governance, to improving the delivery of public services for you, the people of Jersey.

Grace Nesbitt OBE

Chair of the Board of Governance

20 May 2021



Section 1: Performance report

The Comptroller and Auditor General (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 2020. It comprises:

- the **overview**, which includes a summary of the work of the C&AG and the JAO in 2020, a statement by the C&AG, highlights of 2020 and a description of the JAO including its purpose and key risks; and
- the **performance analysis** which provides a detailed view of the JAO's performance. This sets out information on performance against priorities, financial performance, costs compared to other audit offices, website and communications, environmental impact, other non-financial information, risks and priorities for 2021.

Overview

Section 1: Performance Report



Statement by the Comptroller and Auditor

General

2020 was my first year in office as C&AG. It was an unprecedented year for the world, dominated by the COVID-19 pandemic that continues to present challenges for us all, including in its effect on our everyday lives.

The rapidly evolving nature of the COVID-19 pandemic called for an extraordinary response from the States of Jersey as they sought to save lives and protect health and livelihoods in Jersey. The unparalleled nature and scale of the fiscal measures taken in response to COVID-19 required strong public financial management and strong public accountability for the resources used in fighting the pandemic. The work programme of the JAO for 2020 was quickly revised in the light of the COVID-19 response. The revised work programme continued to reflect a strong focus on the effectiveness of internal control and of good governance.

In August 2020 I published a report on Annual Reporting by public sector entities in Jersey. Alongside my report I was pleased to publish the first JAO Good Practice Guide to help organisations improve the effectiveness and transparency of their Annual Reports. 2020 also saw the first ever public consultation exercise undertaken by the JAO. The consultation asked for comments on a proposed revised Code of Audit Practice and proposed changes to public audit legislation. Whilst legislation sets out what the audit work of the C&AG should achieve, the Code sets out how the JAO and the auditors I appoint undertake their work. 11 consultation responses were received from interested parties and the revised Code was published in November 2020.

Peter Price's term of appointment as Chairman of the Board of Governance came to an end on 13 March 2021. I would like to thank him for his contribution to the work of the C&AG and the JAO since the Board of Governance was established in 2016. In this document I have set out the progress made against the four priorities established for 2020 and beyond:

- High performing audit organisation
- Supporting effective scrutiny and accountability
- Making a difference
- Building a better organisation

Lynn Pamment

Comptroller and Auditor General

20 May 2021

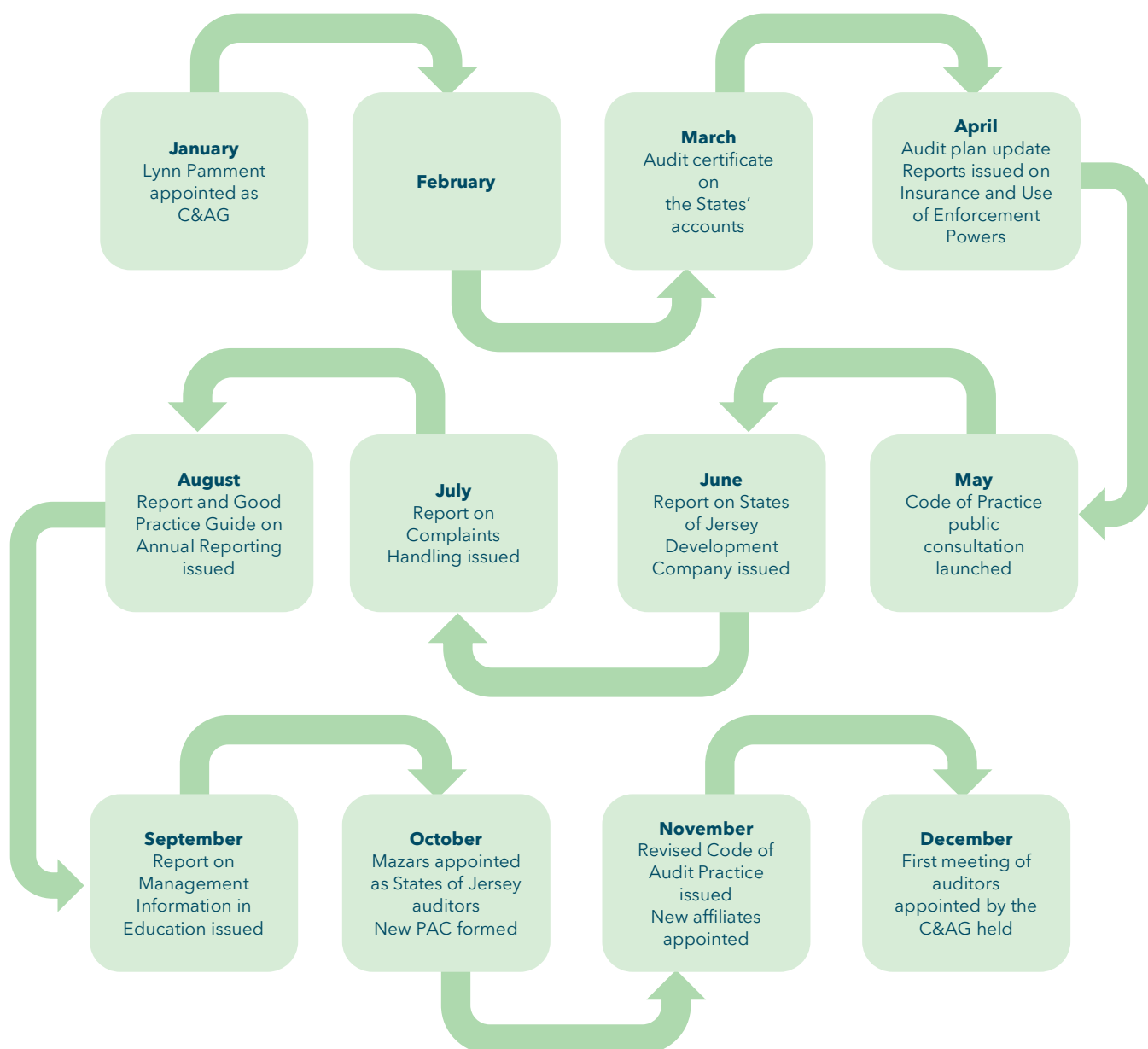
Overview

Section 1: Performance Report

2020 Highlights

Lynn Pamment started her term of office as C&AG on 1 January 2020. The year, as for Jersey as a whole, was dominated by COVID-19. The JAO team worked remotely throughout the pandemic making best use of the Office's investment in technology. Key highlights are set out in Exhibit 1 as a timeline.

Exhibit 1: JAO timeline



Overview

Section 1: Performance Report

The public consultation on the Code of Audit Practice and potential revisions to the statutory framework for audit was the first ever held by the JAO. Further details are set out in the section *About the C&AG and the JAO* (see page 12).

The C&AG publishes all audit reports in full on www.jerseyauditoffice.je. The key findings from the C&AG's audit reports published in 2020 are set out in Exhibit 2.



Exhibit 2: Key findings

Use of enforcement powers*

The report focused on the use of enforcement powers, including planning and building control, trading standards, environmental health and environmental protection. It reviewed the effectiveness of arrangements for engagement with citizens and for monitoring compliance and determining whether and what enforcement action is taken.

The report concluded that there had been an inadequate focus on delivering high quality services consistently, including monitoring performance on and implementing structured improvement in enforcement activities. The C&AG found that there was limited use of key performance indicators for enforcement activities. In the case of planning and building control the C&AG concluded that performance on enforcement has been poor and that there had been no structured approach to the implementation of previous external recommendations for improvement.

The C&AG recommended that all regulatory functions establish mechanisms for capturing feedback from service users; set targets for responding to enquiries; and monitor and manage performance against those targets. She also recommended that regulatory functions monitor and manage the success of improvement initiatives against those desired outcomes. For some services, including planning and building control, the C&AG recommended the introduction of structured arrangements to identify, record and manage conflicts of interest.

Insurance*

The report focused on the effectiveness of the arrangements in place in respect of insurance within the States of Jersey. The arrangements reviewed included governance and oversight of insurance, identification of risk, policies for insurance and self-insurance, decision making, tendering procedures and the

Overview

Section 1: Performance Report



Exhibit 2: Key findings

arrangements for identifying and managing insurance and self-insurance claims.

The C&AG found that, until recently, there had been little governance and oversight of the States' insurance arrangements and that the States did not have a robust or systematic approach for identifying existing and emerging insurable risks. The mechanism for recharging contributions to departments did not provide any financial incentive for departments to improve their risk management arrangements or seek to reduce the number or financial impact of their claims. The C&AG found that the States' arrangements for procuring insurance have fallen short of best practice. She also found that, in contrast to the good practice information available for claims made against the Minister for Health and Social Services, the States had poor management information on other past and current insurance claims.

States of Jersey Development Company (SoJDC)*

The report focused on the extent to which certain arrangements in respect of SoJDC complied with the principles set out in the proposition adopted by the States Assembly that established the Company in 2012.

The C&AG found that the Government did not have an integrated strategic framework for asset management and regeneration, but it was making progress on this. She also found that, since the establishment of SoJDC, the Government had not undertaken a formal review of the role of SoJDC to satisfy itself that the outcomes were meeting the objectives set out in the original proposition. The C&AG noted that whilst there had been noticeable improvements in the exercise of the shareholder function within Government in the last two years, there was scope for further development, including an improved Memorandum of Understanding between the Government and SoJDC. The C&AG also found there was scope for some improvements in the governance arrangements and internal controls in place within SoJDC, in particular in respect of remuneration and procurement policies.

Handling and Learning from Complaints*

The report focused on the design and operation of the Government's arrangements for handling and learning from complaints. In particular it looked at the new Customer Feedback

Overview

Section 1: Performance Report



Exhibit 2: Key findings

Policy and the effectiveness of people, analysis, processes and culture that supported its implementation.

The C&AG found that the Government of Jersey had prepared and adopted a Customer Feedback Policy that, in most respects, met the requirements of best practice. A new Customer Feedback Management System had been introduced that captured information on complaints across Government, with over half of customer feedback being received through a single online channel. The C&AG noted, however, that there were no standardised corporate procedures to support the implementation of the Customer Feedback Policy and that departmental procedures had not been updated consistently to reflect the new Policy. There was a lack of clarity in the involvement of non-ministerial departments in the new Policy. The C&AG found scope for improvements in the way information was captured and systematically reported to measure the efficiency and effectiveness of the complaints handling process. She noted that whilst the 'tone from the top' emphasised the importance of complaints as an integral part of improving public service provision, a consistent shared culture of valuing and learning from complaints had not yet been embedded.

Annual Reporting

The report considered the annual reports and, where available publicly, the annual accounts produced by the States of Jersey and by 37 Jersey entities. These entities were either identified by the States of Jersey as controlled by the States or were established by the States Assembly and required to prepare an annual report and/or accounts.

The report compared the annual reports reviewed against a set of good practice criteria developed by the C&AG. The C&AG found that the States of Jersey had implemented an inconsistent set of requirements in respect of content, timely submission and public availability of entities' annual reports and accounts. For a significant number of entities, annual accounts were not published on the entities' websites and limited financial information is reported publicly. The C&AG noted that annual public reporting should be improved by inclusion of more comprehensive governance and accountability information; more comprehensive reporting on workforce and staff related matters; better remuneration reporting;

Overview

Section 1: Performance Report



Exhibit 2: Key findings

and more comprehensive reporting on risks, operations and measures of success.

The C&AG also published a Good Practice Guide on Annual Reporting which draws out examples from better performing entities to assist all entities in improving their reporting.

Management Information in Education (follow up)

The report followed up on the progress being made by the Government of Jersey in implementing the recommendations contained in the 2016 Report from the then C&AG. In particular, it evaluated the extent to which progress has been made in:

- specifying management information requirements
- arrangements for securing data quality
- the effective use of management information; and
- securing improvements in management information.

The C&AG found that some progress had been made towards implementing the recommendations contained in the 2016 Report. However, none of the twelve recommendations made in 2016 had been implemented fully. Whilst the introduction of the Government Plan in December 2019 and the Jersey Performance Framework published in January 2020 had been catalysts for the Government taking a strategic approach to management information, the roll out of the corporate performance management agenda had been delayed due to COVID-19. The C&AG noted that action had been taken to strengthen management information in relation to pupil and school attainment and the Jersey Premium. There remained, however, some way to go to ensure that management information requirements were specified effectively throughout the education function, not just at a senior management level. Whilst a new Code of Practice for Statistics was published in October 2018, a corporate data strategy and data quality standards had yet to be developed.

** The fieldwork for the use of enforcement powers, insurance, the States of Jersey Development Company and handling and learning from complaints was carried out before the COVID-19 pandemic.*

Overview

Section 1: Performance Report

About the C&AG and the JAO

The role of the C&AG

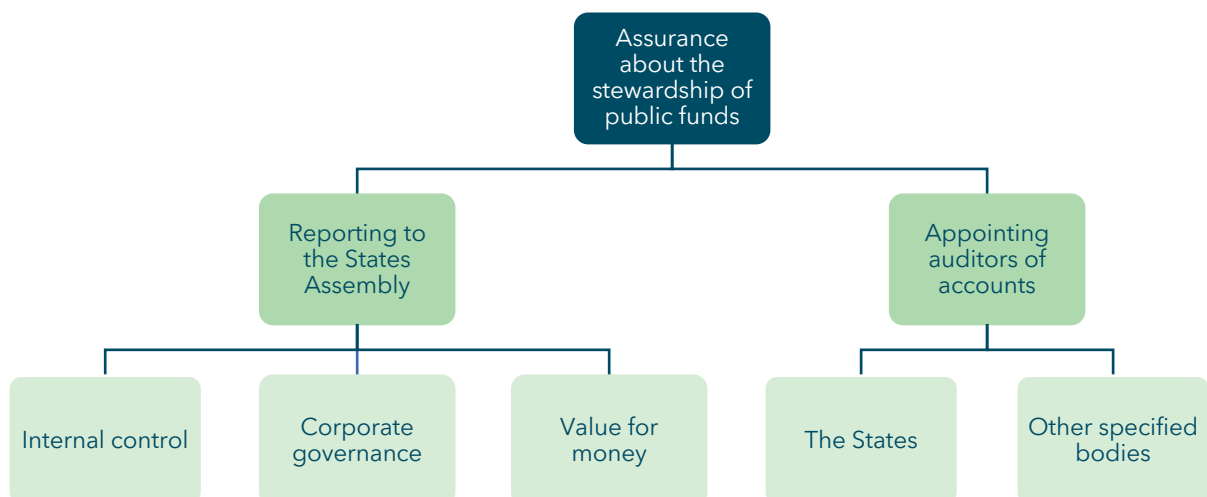
The C&AG is appointed by the States Assembly and is independent of Government. Her responsibilities are to:

- 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. The C&AG's responsibilities are summarised in Exhibit 3.



Exhibit 3: Responsibilities of the Comptroller and Auditor General



Overview

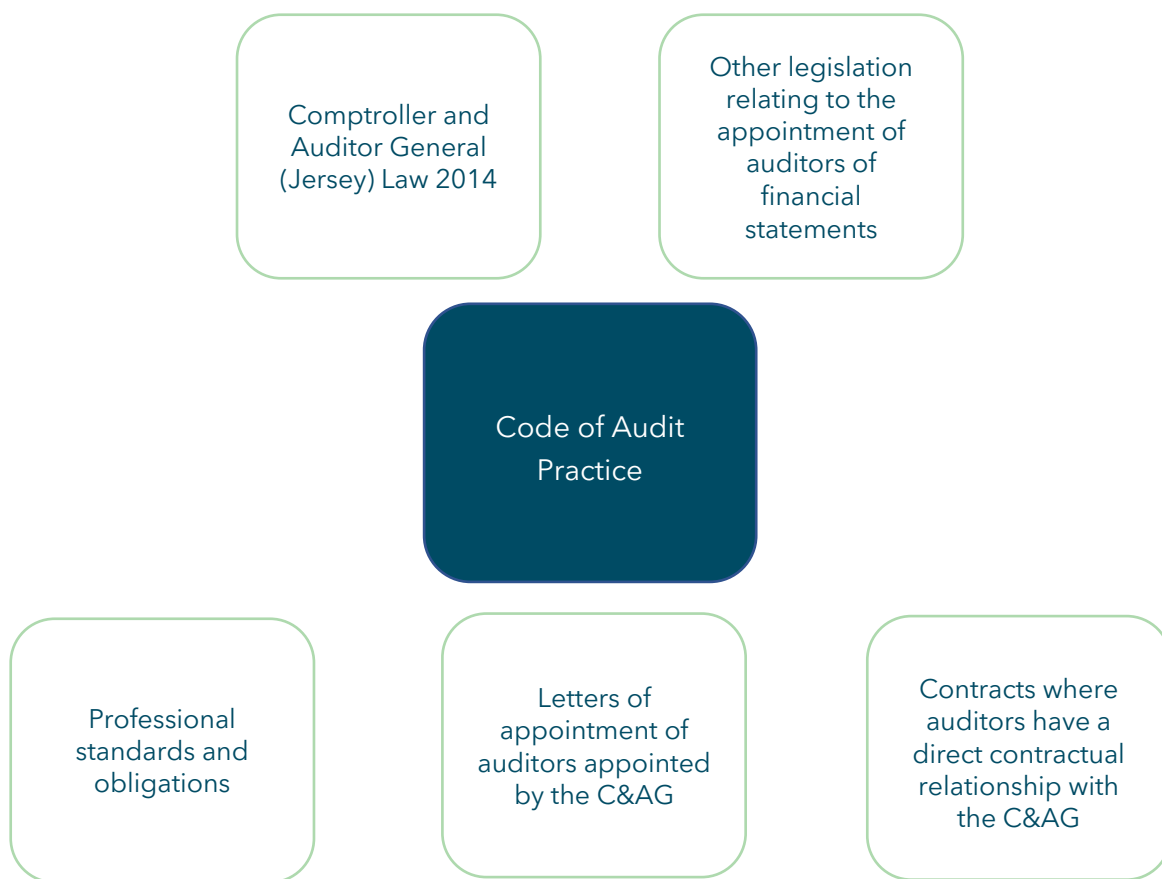
Section 1: Performance Report

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. The Code is at the centre of the arrangements for public audit in Jersey as set out in Exhibit 4.



Exhibit 4: The Code is at the centre of the arrangements for public audit



In May 2020 the C&AG launched the first ever public consultation by the JAO. The consultation covered:

- a proposed revised Code of Audit Practice (the Code) prepared under Article 18 of the Comptroller and Auditor General (Jersey) Law 2014; and
- potential revisions to the statutory framework for public audit in Jersey.

Overview

Section 1: Performance Report

Whilst the C&AG recognises that decisions on changes to legislation are for the Government of Jersey and the States Assembly, she extended her consultation to seek views on the statutory framework because the framework and the Code are so closely related:

- the statutory framework sets out **what** the audit work of the C&AG should achieve; and
- the Code sets out **how** the C&AG and the audit firms she appoints shall carry out their work.

The C&AG received 11 responses to the consultation from interested parties including the Government of Jersey, public bodies and the States Assembly. She published her response to the consultation and a revised Code on 20 November 2020.

The revised Code:

- contains more explicit explanations of the responsibilities of public bodies as well as the powers and duties of the C&AG and the audit firms she appoints
- clarifies how professional ethical standards apply to the audit firms she appoints and the framework the C&AG uses to ensure audit quality; and
- sets out more clearly the nature of the work she undertakes before issuing a certificate on the financial statements of the States of Jersey and in considering whether or not to exercise her statutory right to add a note to the financial statements when they are presented to the States Assembly.

On 19 January 2021, following the public consultation and drawing on her experience from her first year in office, the C&AG published a 'Thinkpiece' on Public Audit in Jersey, designed to stimulate debate. In the Thinkpiece, the C&AG makes proposals for:

- a consistent framework for the production of annual reports and accounts for States established and States controlled entities
- a consistent definition in legislation of States established and States controlled entities with a list maintained of entities that meet this definition
- a consistent and coherent statutory framework for the provision of independent assurance on the reported results of those entities

Overview

Section 1: Performance Report

- consideration of the appointment by the C&AG of independent examiners for smaller entities alongside the appointment of auditors by the C&AG for larger entities; and
- improvements in the resilience of the governance arrangements for the Office of the C&AG.

The JAO

The C&AG has chosen to discharge her responsibilities through the JAO which she leads. The vision, purpose and values of the JAO are set out in Exhibit 5.

	Exhibit 5: Vision, purpose and values of the JAO
Our vision	To be a trusted and innovative audit organisation that champions good governance and the wise use of public money in Jersey.
Our purpose	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.
Our values	<p><i>Independence and objectivity</i></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><i>Fairness and justice</i></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><i>Integrity</i></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>

Overview

Section 1: Performance Report



Exhibit 5: Vision, purpose and values of the JAO

Our values

Credibility

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.

Priorities for the JAO

The C&AG set four priorities for the JAO as set out in Exhibit 6.



Exhibit 6: Priorities

- To be a high performing audit organisation
- To support effective scrutiny and accountability
- To make a difference
- To build a better organisation.

The JAO's performance against each of these priorities is set out in the Performance Analysis below (see page 18).

JAO resources

In addition to audit firms that are appointed to audit the accounts of the States and certain other specified bodies, the C&AG is supported by the Deputy C&AG and maintains a pool of affiliates with appropriate skills and experience to undertake work on her behalf. During 2020 the C&AG broadened her pool of affiliates to enhance the range of experience available to her and provide additional specialist skills. The JAO uses serviced accommodation in St Helier.

Issues and risks that could affect the JAO achieving its priorities

The C&AG maintains a risk register. For 2020 the risk register was based on the following themes:

Overview

Section 1: Performance Report

- the impact of the COVID-19 pandemic
- finance, including ensuring that the JAO has sufficient resources to discharge the C&AG's responsibilities
- maintaining the quality of the JAO's work
- achieving economy, efficiency and effectiveness in the operation of the JAO
- ensuring the good governance of the JAO; and
- maintaining the reputation of the JAO.

More information on the how these issues and risks might affect the achievement of the JAO's priorities and how these issues and risks have been managed is set out in the Performance Analysis (see pages 32 to 36).

Going Concern

The JAO continues to be a going concern. The States have a statutory duty to provide sufficient resources to enable the C&AG to discharge her responsibilities. The JAO operated within its revised budget allocation for 2020 and maintained an ongoing dialogue with the Chair of the Public Accounts Committee, the Treasurer of the States and other stakeholders prior to submission of the Government Plan 2021-2024. As noted above, and set out in further detail on page 33, risks with a financial impact are considered within a single theme in the risk register.

Performance summary

During 2020 the JAO:

- delivered its priorities for the year
- met its final budget allocation; and
- performed favourably when compared with other audit offices.

More information on the JAO's performance is set out in the Performance Analysis below.

Performance Analysis

Section 1: Performance Report

Performance Analysis

I have assessed the performance of the JAO in 2020 by:

- reviewing progress against its priorities (pages 18 to 26)
- reviewing its financial performance (pages 26 to 28)
- comparing costs and outputs with audit offices from other jurisdictions (pages 28 to 29)
- reviewing website and communications activities (pages 29 to 31)
- reviewing environmental impact (page 31)
- reviewing other non-financial information (page 31)
- reviewing key risks (pages 32 to 36); and
- considering key priorities for 2021 (pages 36 to 37).

How the JAO has performed against its priorities

The 2019 Annual Report included priorities for the JAO for 2020. Exhibit 7 sets out how the JAO performed against these priorities.



Exhibit 7: Performance against priorities for 2020

What we planned to do

What we did

High performing audit organisation

- | | |
|--|---|
| <ul style="list-style-type: none">• Update the Code of Audit Practice | <ul style="list-style-type: none">• Code of Audit Practice was updated and issued |
| <ul style="list-style-type: none">• Implement an updated audit quality framework | <ul style="list-style-type: none">• Enhanced audit quality framework included in the 2020 Code of Audit Practice and will be implemented from 2021 |
| <ul style="list-style-type: none">• Improve our project management | <ul style="list-style-type: none">• Project management has been enhanced through use of technology although further work is required in this area in 2021 |

Performance Analysis

Section 1: Performance Report



Exhibit 7: Performance against priorities for 2020

What we planned to do

- Measure and consider stakeholder feedback
- Enhance benchmarking against other audit organisations

What we did

- Three stakeholder surveys have been undertaken as well as the first public consultation exercise
- We have used the same metrics in 2020 as in previous years to benchmark our performance against other audit organisations. We will look to extend our benchmarking in 2021.

Supporting effective scrutiny and accountability

- | | |
|--|--|
| <ul style="list-style-type: none"> • Work closely with the Public Accounts Committee (PAC) to improve effectiveness • Hold a stakeholder event to share best practice and experiences • Hold an outreach event to engage younger people in the work of the Office and the Public Accounts Committee | <ul style="list-style-type: none"> • 20 PAC meetings attended during 2020 (all of the PAC meetings that took place) Meetings included induction training by the C&AG for new PAC members and presentations on the work of the C&AG • Stakeholder event and outreach work was put on hold due to the COVID-19 pandemic. |
|--|--|

Making a difference

- | | |
|--|--|
| <ul style="list-style-type: none"> • Invest and innovate in the way we communicate and report • Develop our website to be more dynamic • Share best practice more proactively | <ul style="list-style-type: none"> • Reporting format developed in 2020 to include summary section of key findings and conclusions. Brand refresh launched in early 2021 • Website updated to include a news section. More investment will take place in 2021 • First Good Practice Guide produced in 2020 on reporting by public sector entities |
|--|--|

Performance Analysis

Section 1: Performance Report



Exhibit 7: Performance against priorities for 2020

What we planned to do

- Develop and implement a corporate social responsibility strategy

What we did

- Development and implementation of corporate social responsibility strategy has been delayed until 2021.

Building a better organisation

- | | |
|---|---|
| <ul style="list-style-type: none">• Support the appointment process for members of the Board of Governance | <ul style="list-style-type: none">• Supported the appointment process for a new Chair and a new independent member to the Board of Governance (following an extension in existing appointments) |
| <ul style="list-style-type: none">• Implement the findings of the review of effectiveness of the Board | <ul style="list-style-type: none">• Significant progress in implementing the findings of the review of effectiveness of the Board undertaken by the National Audit Office (NAO) |
| <ul style="list-style-type: none">• Refresh the pool of affiliates used to undertake work | <ul style="list-style-type: none">• Pool of affiliates was refreshed during 2020 with 7 additional affiliates appointed |
| <ul style="list-style-type: none">• Refresh policies and procedures including the service level agreement with the States | <ul style="list-style-type: none">• Project to refresh policies and procedures delayed to 2021 |
| <ul style="list-style-type: none">• Embed technology more effectively in the way we work | <ul style="list-style-type: none">• Use of Office 365 now embedded fully into the way we work. |

Performance against Key Performance Indicators (KPIs)

Exhibit 8 sets out the KPIs established at the beginning of 2020 and performance during 2020. Comparative information from previous years is not available.

Performance Analysis

Section 1: Performance Report



Exhibit 8: Performance against KPIs for 2020

Key Performance Indicators (KPIs)

How we performed

High performing audit organisation

- | | |
|---|---|
| <ul style="list-style-type: none"> • Annual audits delivered to a high quality and to agreed timescales • Number of high quality reports delivered • Reports published to schedule • Benchmarking against other audit offices | <ul style="list-style-type: none"> • High level of satisfaction from stakeholders on the audits delivered during 2020 • Stakeholder feedback demonstrates quality of reports • Six reports issued in 2020 as well as a Good Practice Guide and a revised Code of Audit Practice • We continue to perform well when benchmarked against other audit offices as shown in Exhibit 14 |
|---|---|

Supporting effective scrutiny and accountability

- | | |
|---|--|
| <ul style="list-style-type: none"> • Number of PAC meetings supported by our work • Percentage of stakeholders rating our stakeholder event as good or excellent • Correspondence responses issued to schedule • Percentage of stakeholders perceiving us to deliver against our objectives | <ul style="list-style-type: none"> • 20 PAC meetings supported and attended during 2020 • First meeting of all appointed auditors held on 4 November 2020. No other stakeholder events held due to COVID-19 • All correspondence responded to. Monitoring procedures for correspondence to be enhanced in 2021 • Stakeholder survey issued to States Members, PAC lay members and Risk and Audit Committee members (results shown below based on how we adhere to our values). |
|---|--|

Performance Analysis

Section 1: Performance Report



Exhibit 8: Performance against KPIs for 2020

Key Performance Indicators (KPIs)	How we performed
Making a difference	
<ul style="list-style-type: none"> Website visits Report downloads from website Percentage of recommendations fully accepted for implementation Percentage of recommendations subsequently implemented 	<ul style="list-style-type: none"> The number of website visits increased year on year (see graphs below) 1,554 PDFs downloaded in 2020 since we started to collect data in June 2020 (see graphs below) 100% of recommendations accepted for action Number of 'open' recommendations reported on the Government of Jersey's C&AG recommendations tracker decreased year on year from 323 at the end of 2019 to 258 at the end of 2020
Building a better organisation	
<ul style="list-style-type: none"> Number of projects supported by effective use of Office 365 Performance against budget Percentage reduction in carbon footprint Number of community activities undertaken 	<ul style="list-style-type: none"> All projects in 2020 supported by Office 365. Further work will take place in 2021 to further enhance the use of Office 365 Small underspend against revised budget Carbon footprint reduced significantly as a consequence of reduced travel due to the COVID-19 pandemic No community activities undertaken during 2020 due to the COVID-19 pandemic

Performance Analysis

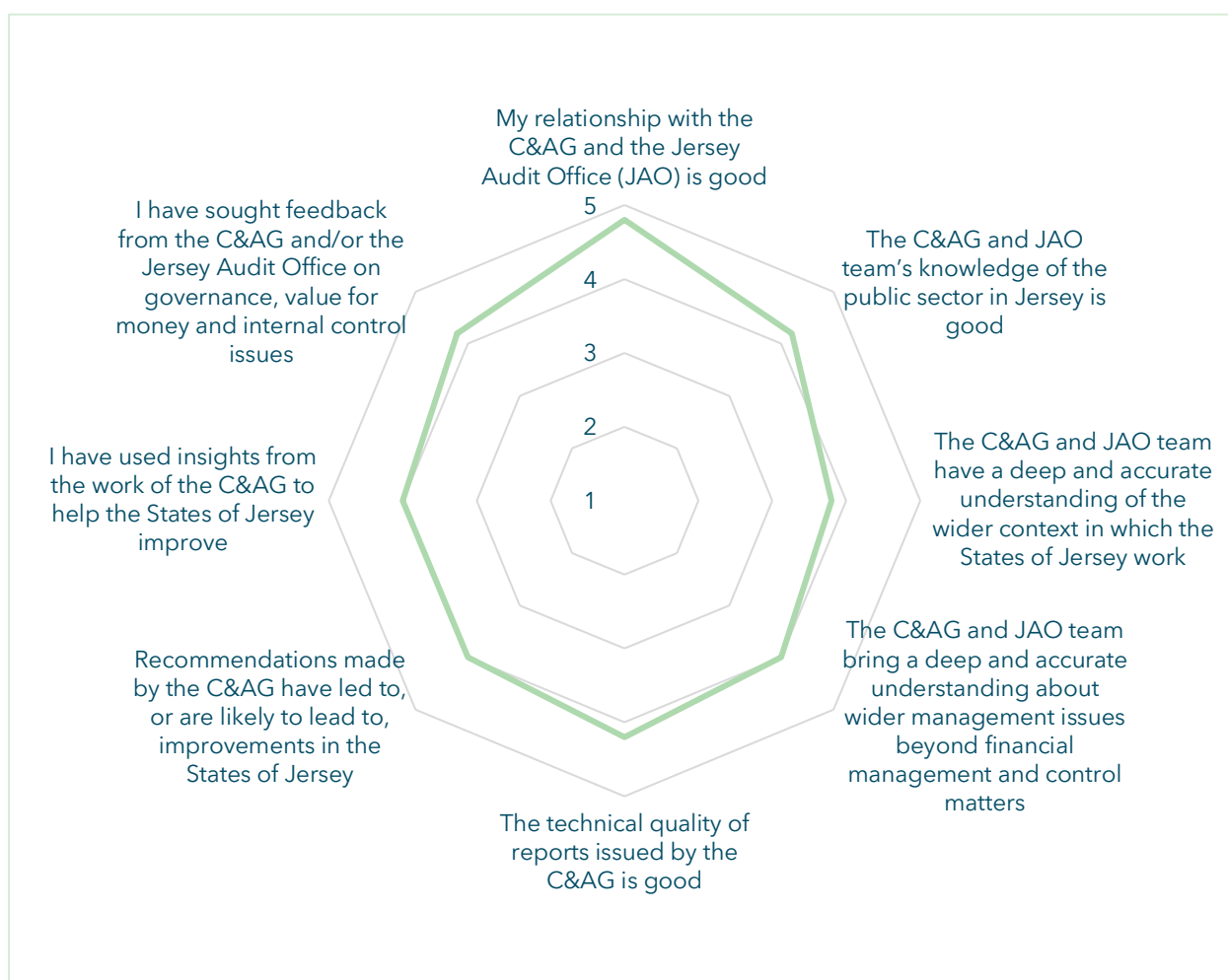
Section 1: Performance Report

Stakeholder feedback

In February 2021, the C&AG sought feedback from senior officers within the Government of Jersey on her performance and the performance of the JAO. 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 in Exhibit 9.



Exhibit 9: Feedback from Government of Jersey officers



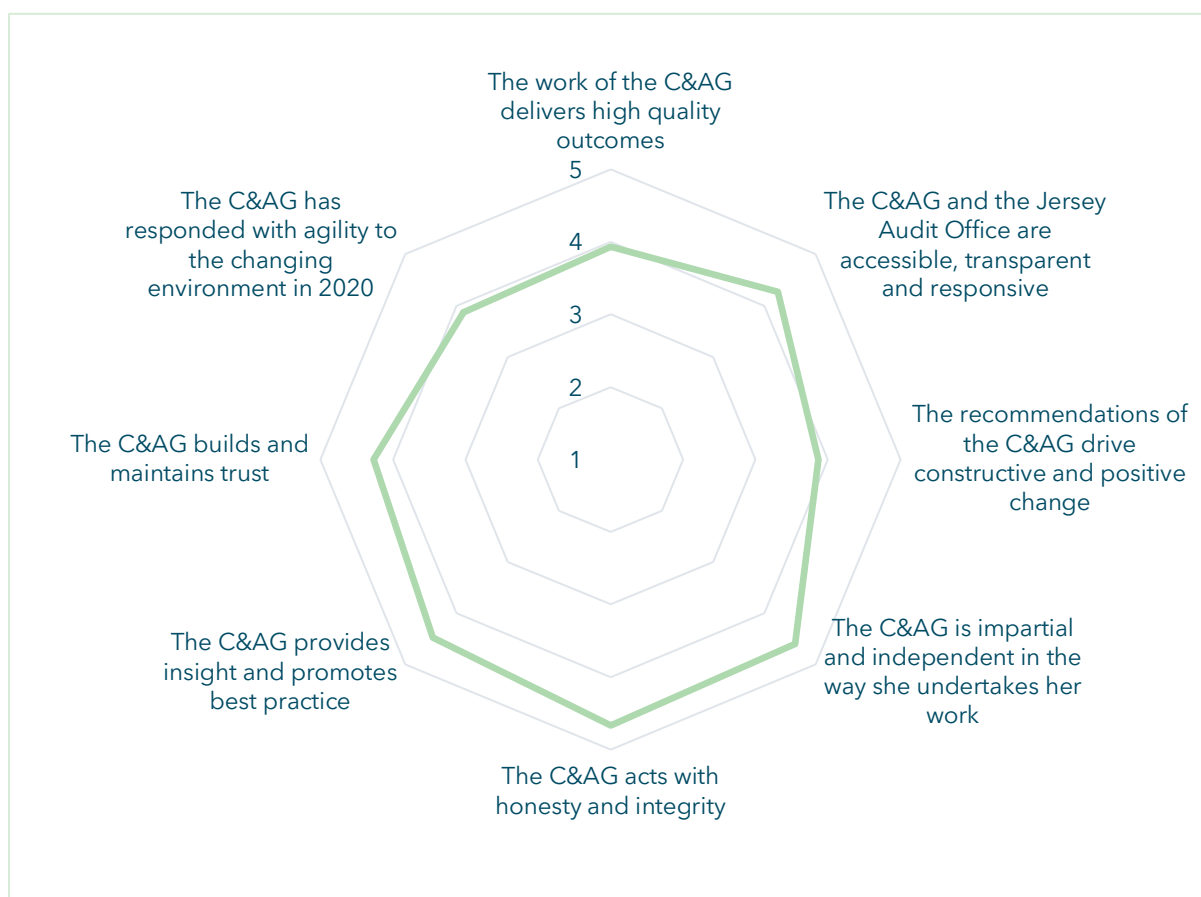
The C&AG also sought feedback from States Members, lay members of the Public Accounts Committee and members of the Government of Jersey Risk and Audit Committee on the extent to which the C&AG demonstrates the values of the Jersey Audit Office. Stakeholders were requested to provide an assessment against each of eight statements (with strongly disagree scoring 1 and strongly agree scoring 5). The results of this feedback are summarised in Exhibit 10.

Performance Analysis

Section 1: Performance Report



Exhibit 10: Feedback from stakeholders



During 2021, the C&AG will look to build on the feedback received in the work that she undertakes and the recommendations she makes for improvement.

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. For 2020, audited bodies were requested to score auditors across ten criteria on a scale of 1 to 5. Auditors received high scores from all respondents (Exhibit 11).

Performance Analysis

Section 1: Performance Report



Exhibit 11: 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.

Following the completion of the audit of the States' annual financial statements for 2019, Deloitte LLP informed the C&AG of its intention to resign because of a potential threat to its independence. The C&AG held a competitive tendering process for the appointment of a new auditor. Deloitte LLP resigned on 5 October 2020. On 9 October 2020, the C&AG appointed Mazars LLP as the new auditor of the States' financial statements.

Mazars LLP issued their audit opinion on the States' financial statements for 2020 on 14 May 2021. In doing so they issued a Qualified Opinion on Regularity relating to the exception identified in respect of the severance of the former Chief Executive's employment contract.

Performance Analysis

Section 1: Performance Report

As a consequence, the C&AG attached a note under Article 12(3) of the Comptroller and Auditor General (Jersey) Law 2014 to her Report to the States Assembly on the States' 2020 financial statements.

The C&AG also made the following audit appointments following competitive procurement processes undertaken with the oversight of the C&AG:

- Jersey Competition Regulatory Authority: RSM Channel Islands (Audit) Limited
- Jersey Gambling Commission: Alex Picot; and
- Jersey Advisory and Conciliation Service: Alex Picot.

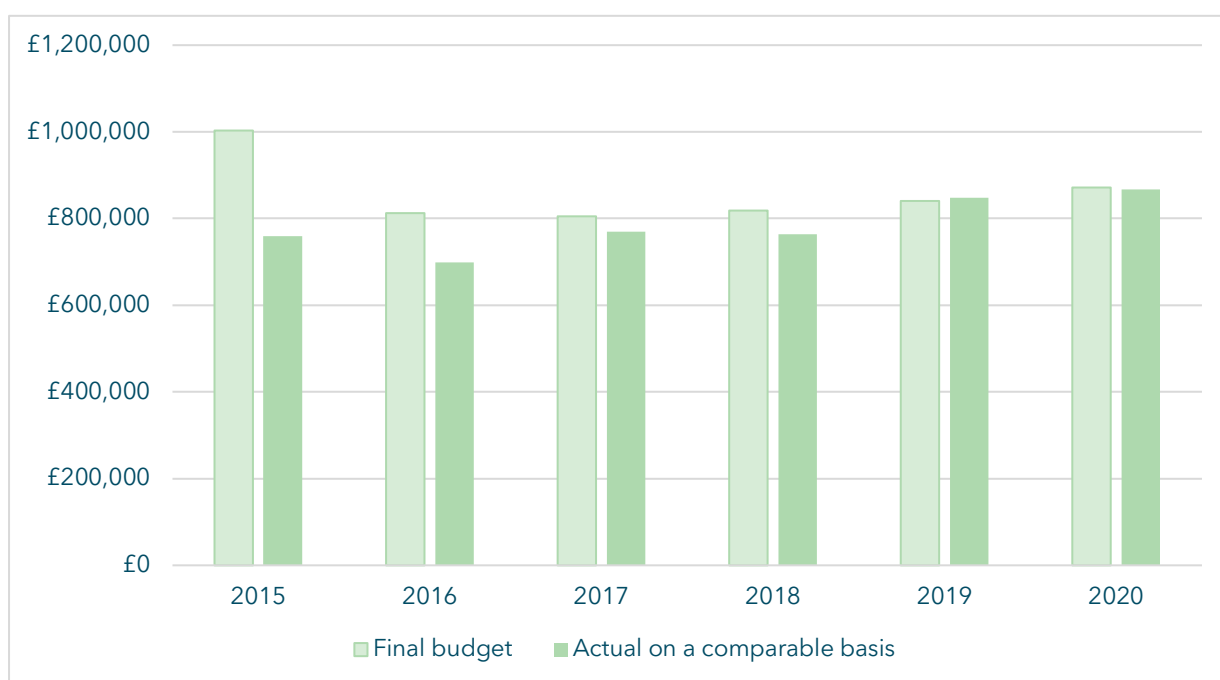
For the first time, the C&AG also held a joint meeting with all appointed auditors to share experiences and information of common interest.

Financial performance

Resources for the C&AG were allocated through the Medium Term Financial Plan up to and including 2019 and through the Government Plan for 2020. The C&AG delivered an underspend of £5,200 in 2020 compared with the allocated budget (see Exhibit 12).



Exhibit 12: Financial Performance 2015 to 2020



Source: JAO Audited Annual Accounts 2015 to 2020

Performance Analysis

Section 1: Performance Report

Compared to 2019, the C&AG incurred additional expenditure in 2020 for:

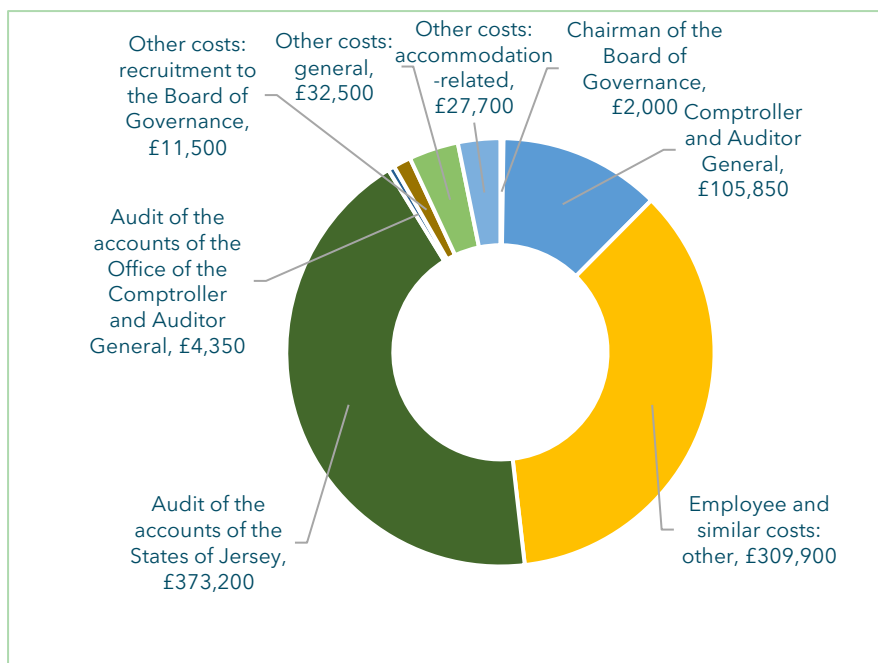
- the external audit of the accounts of the States of Jersey (£39,600). This was the result of the 2020 competitive tendering process required in respect of the audit of the accounts for 2020
- an external review of the Board of Governance (£10,300). The results of the review are discussed on page 46
- ICT support to facilitate effective home working during the COVID-19 pandemic (£11,000); and
- the cost of competitive recruitment process for the Board of Governance (£11,500). This is described on page 40.

These additional costs were offset by lower costs on travel and accommodation (£23,400). The impact on the JAO's carbon footprint and lessons for future years are discussed on page 31.

A more detailed analysis of the C&AG's costs for 2020 is set out in Exhibit 13.



Exhibit 13: Analysis of costs incurred by the C&AG in 2020



Source: JAO Audited Annual Accounts 2020

Performance Analysis

Section 1: Performance Report

Further information on the financial performance is provided in the Annual Accounts.

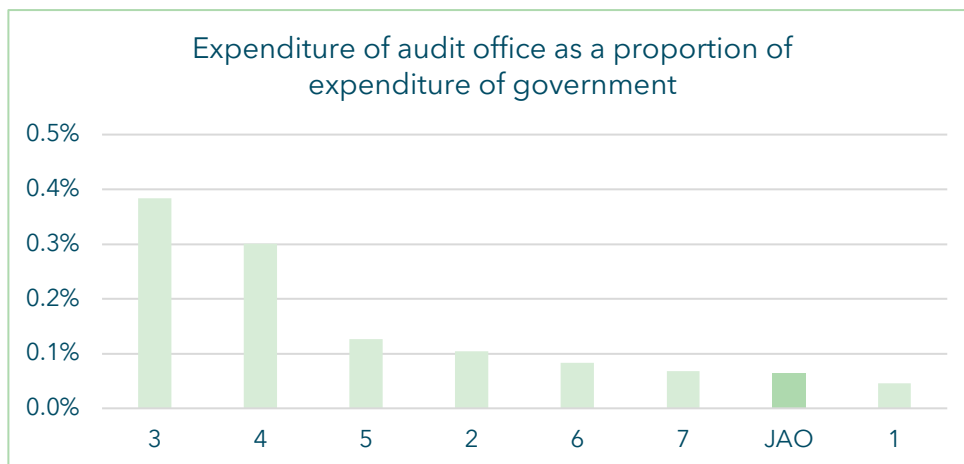
Comparing performance with other audit offices

The C&AG has compared the performance of the JAO with other audit offices (see Exhibit 14). The group comprises seven audit offices from British Overseas Territories, Canadian provinces, Australian states and territories and an independent country, with populations ranging from 64,000 to 540,000. This is the same comparator group as used in each of our annual reports from 2017.

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 overall message is consistent with those from previous years and remains that the cost of the JAO as a proportion of government expenditure is low and the JAO provides a significant volume of reports to the States Assembly at comparatively low cost.

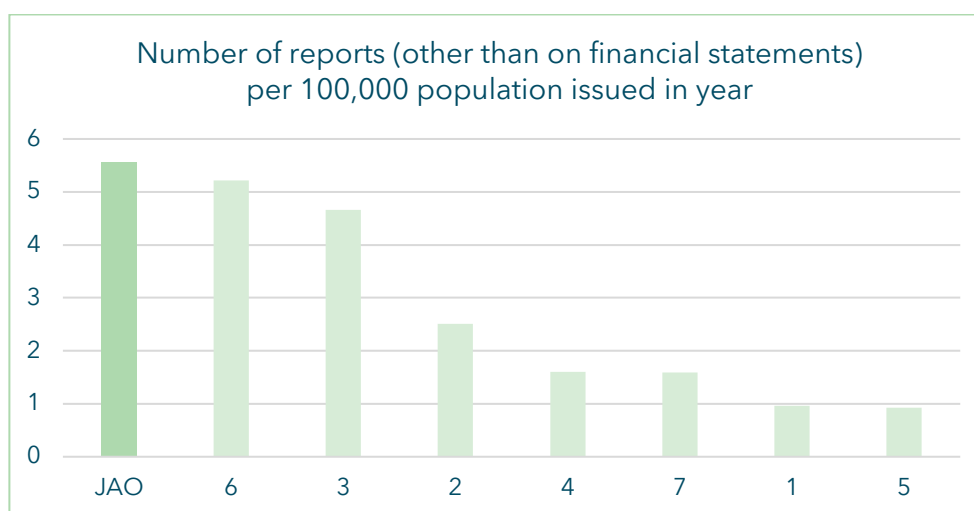
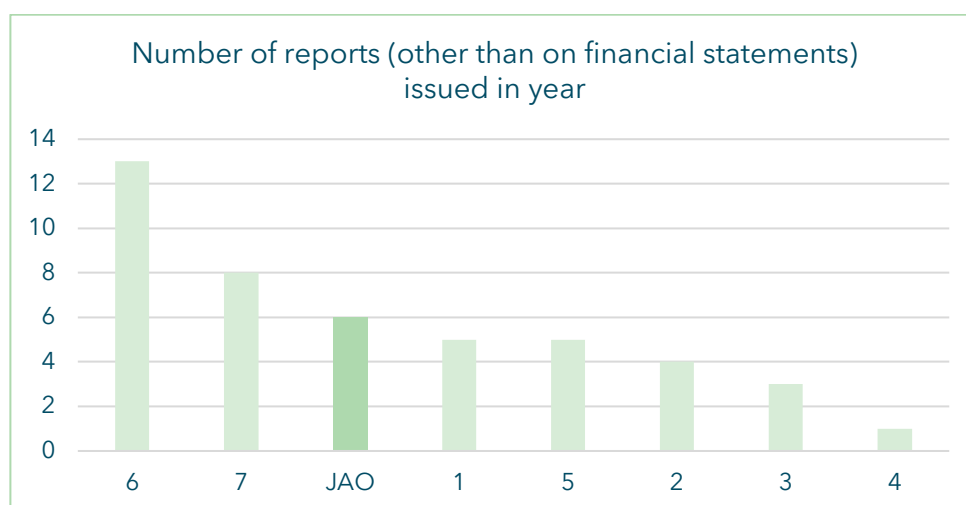


Exhibit 14: Comparison of 2020 performance with other audit offices



Performance Analysis

Section 1: Performance Report



Source: JAO analysis

Website and communications

During 2020, the C&AG enhanced her communications through:

- enhancing the news content on the JAO website
- a dedicated LinkedIn page for the Office; and
- a JAO twitter account.

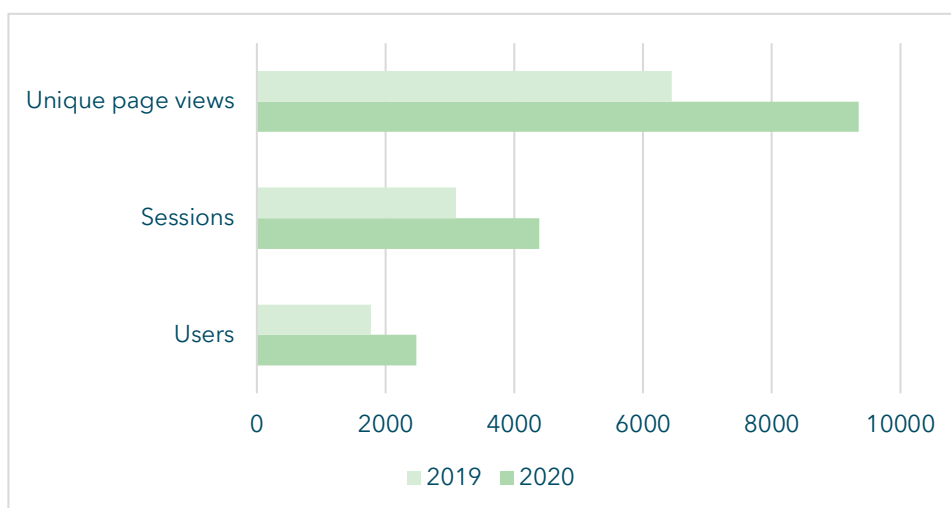
The number of visits to the website has increased year on year as shown in Exhibit 15.

Performance Analysis

Section 1: Performance Report



Exhibit 15: Website statistics



Source: JAO analysis

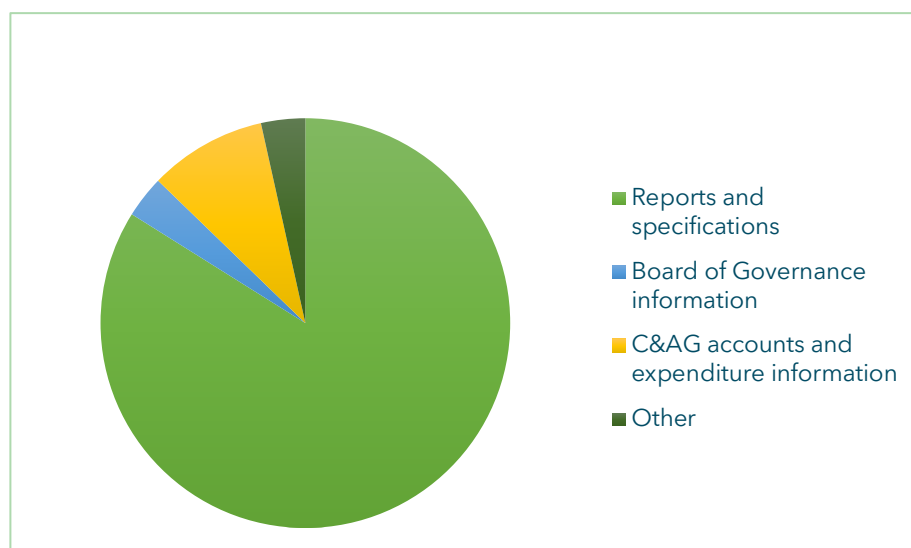
When reports are issued by the C&AG they are sent individually to all States Members as well as to the lay members of the Public Accounts Committee, senior Government officers, the Board of Governance and the press. They are also submitted to the States Assembly and are published on the States Assembly website as well as the Jersey Audit Office website. Since July 2020, the C&AG has monitored the downloads of reports from the Jersey Audit Office website. Since 1 July 2020 there have been over 1,500 PDF documents downloaded from the website as shown in Exhibit 16.

Performance Analysis

Section 1: Performance Report



Exhibit 16: Downloads from the website



Source: JAO analysis

Environmental impact

The major environmental impact of the JAO is the use of air travel to and from Jersey. The JAO's investment in technology enabled the C&AG, the Deputy C&AG and affiliates to work from home during the COVID-19 pandemic. This has reduced significantly the JAO's carbon footprint and contributes to the United Nations Sustainability Goal 13 on Climate Action.

The C&AG is keen to learn lessons from the pandemic about different ways of working. However, she also recognises the importance of face-to-face interactions and meetings. The C&AG plans to increase the physical presence of the JAO in the States' offices during 2021, but only when it is safe to do so for members of the JAO, States Members and employees and Islanders as a whole.

Other non-financial information

The JAO seeks to be socially responsible. It supports the Universal Declaration of Human Rights set out by the United Nations, diversity and the fight against corruption and bribery. The C&AG had planned to develop and implement a corporate social responsibility strategy during 2020. This has been deferred to 2021.

Performance Analysis

Section 1: Performance Report

Key risks

The C&AG operates a risk register that captures those risks with the potential to have a significant adverse impact on the operation of the JAO. The risk register is organised around key themes as summarised in Exhibit 17.



Exhibit 17: Key Risks

Relevant JAO priorities	Key areas and actions in year
-------------------------	-------------------------------

Risk theme: COVID-19 pandemic

- Building a better organisation
- High performing audit organisation
- Supporting effective scrutiny and accountability
- Making a difference

The risks associated with the COVID-19 pandemic were considered as a specific theme during 2020. Key risks included:

- disruption to the Board of Governance, JAO leadership and workforce
- limited capacity of States of Jersey staff for dealing with audit issues; and
- C&AG work not seen as relevant at a time of public emergency.

Mitigating actions included:

- following government advice to protect against the spread of COVID-19
- putting in place arrangements to enable the Deputy C&AG to deputise for the C&AG and to switch work between affiliates
- using technology to enable the Board of Governance and the JAO to work from home
- extending the end of the terms of office of two independent members of the Board of Governance from September 2020 to March 2021
- agreeing not to commence any new work involving officer time before April 2020
- the C&AG and Deputy C&AG keeping up to date with developments and ongoing engagement with the Public Accounts Committee; and

Performance Analysis

Section 1: Performance Report



Exhibit 17: Key Risks

Relevant JAO priorities	Key areas and actions in year
	<ul style="list-style-type: none"> revising the Audit Plan to reflect risks relating to the COVID-19 pandemic.
Risk theme: Finance	
<ul style="list-style-type: none"> Building a better organisation High performing audit organisation Supporting effective scrutiny and accountability Making a difference 	<p>Key risks included:</p> <ul style="list-style-type: none"> insufficient resources available to discharge responsibilities; and inadequate information to manage the JAO budget. <p>Mitigating actions included</p> <ul style="list-style-type: none"> delivery of 2020 budget, despite some additional cost pressures (see the financial analysis on pages 26 and 27) ongoing dialogue with the Chair of the PAC, the Treasurer of the States and other stakeholders prior to formal submission of the Government Plan 2021; and use of budget monitoring reports prepared by the States Treasury and Exchequer. <p>As noted in previous Annual Reports, the JAO relies on reports prepared by States Treasury and Exchequer because it does not have remote access to financial information relating to its expenditure. It is unlikely that remote access will be made available.</p>
Risk theme: Quality	
<ul style="list-style-type: none"> Building a better organisation High performing audit organisation Supporting effective scrutiny and accountability Making a difference 	<p>Key risks included:</p> <ul style="list-style-type: none"> the resilience of the JAO the quality of audit work; and the potential for tensions between auditors appointed to audit the States' accounts and officers. <p>Mitigating actions included:</p>

Performance Analysis

Section 1: Performance Report



Exhibit 17: Key Risks

Relevant JAO priorities	Key areas and actions in year
	<ul style="list-style-type: none"> • putting in place arrangements to enable the Deputy C&AG to deputise for the C&AG and to switch work between affiliates (see also COVID-19 risks) • refreshing pool of affiliates (see also Economy, Efficiency and Effectiveness risks) • publishing a quality framework as an appendix to the new Code of Audit Practice • applying rigorous quality assurance to all work carried out directly by the JAO; and • for auditors appointed by the C&AG to audit financial statements, considering quality as part of the appointment process, maintaining an oversight of audit contracts, seeking and evaluating feedback on the performance of auditors.
Risk theme: Economy, efficiency and effectiveness	
<ul style="list-style-type: none"> • Building a better organisation • High performing audit organisation • Supporting effective scrutiny and accountability • Making a difference 	<p>The key risk is that the JAO’s procurement arrangements are inefficient or ineffective.</p> <p>Mitigating actions included:</p> <ul style="list-style-type: none"> • holding a competitive tendering process for the refresh of the pool of affiliates • holding a competitive tendering process for the appointment of auditors for the audit of the accounts of the States of Jersey • sharing business cases for significant procurement decisions with the Board of Governance; and • using the States’ corporate procurement solution for travel and accommodation.
Risk theme: Governance	
<ul style="list-style-type: none"> • Building a better organisation 	<p>The key governance risk for 2020 was the potential disruption associated with the end of term of office of the</p>

Performance Analysis

Section 1: Performance Report



Exhibit 17: Key Risks

Relevant JAO priorities	Key areas and actions in year
<ul style="list-style-type: none"> • High performing audit organisation • Supporting effective scrutiny and accountability • Making a difference 	<p>Chairman and an independent member of the Board of Governance.</p> <p>Because of the increased risk of disruption resulting from the COVID-19 pandemic, the terms of office for both the Chairman and the independent member were extended to March 2021.</p> <p>During 2020, the National Audit Office reported on the Board's effectiveness (see page 46). The Board has agreed an action plan to address each of the recommendations made.</p>
Risk theme: Reputation	
<ul style="list-style-type: none"> • Building a better organisation • High performing audit organisation • Supporting effective scrutiny and accountability • Making a difference 	<p>The key risk was that, during a public emergency, the work of the JAO might lack impact or be seen as not relevant.</p> <p>Mitigating actions included:</p> <ul style="list-style-type: none"> • consulting key officers and the Public Accounts Committee when developing the 2020 Audit Plan • ongoing liaison with new members of the States Assembly, Public Accounts Committee, the Chief Executive of the States, the Treasurer of the States, other senior States officers and the Risk and Audit Committee • sharing best practice in annual reporting through the publication of a Good Practice Guide during 2020 • sharing World Bank guidance on public financial management at the outset of the COVID-19 pandemic with the Chief Minister and senior Government of Jersey officers; and • seeking feedback from key stakeholders on the performance of the Office. The C&AG will act on this feedback during 2021. The C&AG also plans to hold

Performance Analysis

Section 1: Performance Report



Exhibit 17: Key Risks

Relevant JAO priorities	Key areas and actions in year
	a stakeholder event during 2021 to share experience and practice.

Priorities for 2021

The JAO's priorities for 2021 remain the same as for 2020. These, together with relevant key performance indicators are set out in Exhibit 18.



Exhibit 18: JAO Priorities for 2021

Priority	Planned activity	Key Performance Indicators (KPIs)
High performing audit organisation	<ul style="list-style-type: none"> Implement the updated audit quality framework Improve our project management Measure and action stakeholder feedback Enhance links to other audit organisations to share best practice and enhance benchmarking 	<ul style="list-style-type: none"> Annual audits delivered to a high quality and to agreed timescales Number of high quality reports delivered Reports published to schedule Benchmarking against other audit offices.

Performance Analysis

Section 1: Performance Report



Exhibit 18: JAO Priorities for 2021

Priority	Planned activity	Key Performance Indicators (KPIs)
Supporting effective scrutiny and accountability	<ul style="list-style-type: none"> • Work closely with the PAC to improve effectiveness • Hold stakeholder events to share best practice and experiences • Hold an outreach event to engage younger people in the work of the Office and of the PAC 	<ul style="list-style-type: none"> • Number of PAC meetings supported by our work • Percentage of stakeholders rating our stakeholder events as good or excellent • Percentage of stakeholders perceiving us to deliver against our objectives.
Making a difference	<ul style="list-style-type: none"> • Continued investment in communication mechanisms • Share best practice more proactively • Develop and implement a corporate social responsibility strategy 	<ul style="list-style-type: none"> • Website visits • Report downloads from website • Percentage of recommendations fully accepted for implementation • Percentage of recommendations subsequently implemented.
Building a better organisation	<ul style="list-style-type: none"> • Support the new Board of Governance to perform its role more effectively • Refresh policies and procedures including the service level agreement with the States • Embed technology more effectively in the ways we work 	<ul style="list-style-type: none"> • Number of projects supported by effective use of Office 365 • Performance against budget • Percentage reduction in carbon footprint • Number of community activities undertaken.

Performance Analysis

Section 1: Performance Report

The Performance Report has been signed on 20 May 2021.



Lynn Pamment

Comptroller and Auditor General



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 comprises 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 brings 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

Section 2: Accountability Report

Comptroller and Auditor General's Report

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

During 2020, the Board of Governance of the Comptroller and Auditor General comprised Peter Price (Chairman), Professor Russel Griggs OBE (Independent Member), Grace Nesbitt OBE (Independent Member) and me as the C&AG (ex officio).

The terms of office for the Chairman and one of the two independent members were due to complete in September 2020. However, because of the potential impact of COVID-19 on the recruitment process for new board members, the terms of office were extended by the Comptroller and Auditor General (Board of Governance) (Amendment) (Jersey) Order 2020 for six months to 13 March 2021.

A recruitment process has been undertaken in accordance with Guidelines for the recruitment of States' appointees produced by the Jersey Appointments Commission under Article 24 of the Employment of States of Jersey Employees (Jersey) Law 2005. This was a competitive process supported by a specialist recruitment search firm.

On 3 March 2021, the States Assembly appointed Mrs. Grace Nesbitt OBE as Chair and Robert Tinlin and Professor Russel Griggs OBE as members of the Board of Governance of the Office of the Comptroller and Auditor General, for a period of four years with effect from 14 March 2021.

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.

There were no personal data related incidents during the year reported to the Office of the Information Commissioner.

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.

Corporate Governance Report

Section 2: Accountability Report

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.

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.

In December 2019, the then C&AG delegated all of the C&AG's functions in respect of the management of contracts to the Deputy C&AG. This comprised contracts between the C&AG, the Treasurer of the States and PricewaterhouseCoopers LLP for the external audits of the Public Employees' Pension Scheme and the Jersey Teachers' Superannuation Fund. This delegation remained in place throughout 2020.

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

Corporate Governance Report

Section 2: Accountability Report

- 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 captures those risks with the potential to have a significant adverse effect on the operation of the JAO (see Exhibit 17). This risk register sets out the likelihood and impact of risks occurring, mitigating arrangements in place and further mitigations planned. It is organised around key themes and 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 2020 nor 2019 for my Office. Neither were there any other personal data related incidents.

The Board of Governance

The Board of Governance, established under the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015, 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

Corporate Governance Report

Section 2: Accountability Report

C&AG and at least two independent members. Independent members of the Board are appointed by the States Assembly for four year terms. However, as a result of the impact of COVID-19 on recruitment processes, the term of office of the Chairman and one independent member were extended by six months to 13 March 2021. The membership of the Board in 2020 is detailed in Exhibit 19.



Exhibit 19: Membership of the Board of Governance during 2020



Peter Price

Chairman
(14 September 2016 to 13
March 2021)

Peter has had an extensive career in law, politics, and wider public service, including 15 years as a member of the European Parliament, where he served as Chair of the Budgetary Control Committee. In September 2020, he became a Board Member of the Food Standards Agency and Chair of its Welsh Advisory Committee.

Previous appointments include as a non-executive Board Member of the Welsh Audit Office and Chair of its HR and Remuneration Committee, a non-executive Director of Welsh Ambulance Services NHS Trust and a Governor of Thames Valley University. He also served for 12 years as an Employment Judge.



Grace Nesbitt OBE

Independent Member
(6 December 2018 to 13 March
2021)

Chair (14 March 2021 to date)

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

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

Corporate Governance Report

Section 2: Accountability Report



Exhibit 19: Membership of the Board of Governance during 2020



Professor Russel Griggs OBE

Independent Member
(14 September 2016 to date)

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.



Lynn Pamment

Comptroller and Auditor
General and ex officio member
of the Board
(1 January 2020 to date)

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

Section 2: Accountability 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 Chairman of the PAC
- if requested by the Chairman of the Public Accounts Committee, advising on the appointment of auditors of the accounts of the C&AG
- reviewing any estimates submitted by the C&AG to the Chairman of the Public Accounts Committee 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 four times in the course of 2020. All members of the Board attended all meetings. The Board focussed on supporting the C&AG during the first year of her term of office as C&AG.

The Board also:

- reviewed the risk register prepared for the JAO
- 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 acted on the review of Board effectiveness undertaken by the National Audit Office
- received and reviewed the report from the external auditors appointed by the Chairman of the Public Accounts Committee on the 2019 accounts; and

Corporate Governance Report

Section 2: Accountability Report

- approved an assurance statement on the C&AG's 2019 expenses. For 2020, the Board has prepared an assurance statement for the C&AG's 2020 expenses and this is included within this Accountability Report.

The Board did not report any matter to the Chief Minister and Chairman of the Public Accounts Committee.

During 2019, the Board commissioned the UK National Audit Office to:

- evaluate the effectiveness of the operation of the Board; and
- make recommendations for improvement.

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.

On 22 April 2020, the Board agreed an action plan to address each of the recommendations made.

The Board has a statutory duty, when consulted by the Chair of the PAC, to provide advice on the appointment of the external auditor of the accounts of the Office of the Comptroller and Auditor General. In January 2021, following a competitive procurement process, the Chair of the PAC consulted the Board on a proposal to re-appoint Grant Thornton Limited as external auditor of the Office for the years ending 31 December 2021 to 2026. The Board advised that it supported this proposal.

Compliance with the principles set out in the Public Finances Manual

The Public Finances Manual came into force on 1 January 2020. It sets out high level principles for the financial management of the States of Jersey. Exhibit 20 describes how the principles for Accountable Officers of Non-Ministerial Departments apply to the C&AG and the work of the JAO.

Corporate Governance Report

Section 2: Accountability Report



Exhibit 20: Principles for Accountable Officers of Non-Ministerial Departments

Principle set out in the Public Finances Manual	How these principles apply to the C&AG and the JAO
<p>Accountability lies far beyond what is included in the Law. The Accountable Officers are personally responsible for managing their area of responsibility efficiently and effectively, and for reporting to the States Assembly accurately and transparently. Initiatives and activities should be assessed through the 'Accountable Officer lens' to assess whether they meet the four essential standards of:</p> <ul style="list-style-type: none"> • propriety • regularity • value for money • feasibility. 	<p>The C&AG supports the principle of accountability and the four essential standards.</p> <p>Section 2 of the Annual Report (<i>Accountability Report</i>) sets out how the C&AG has demonstrated accountability of her office.</p> <p>The C&AG applies the four essential standards in discharging her responsibilities. She has also set principles and values for the JAO which are consistent with the standards (see Exhibit 5).</p> <p>As noted on page 42, the Board of Governance is responsible for keeping under review whether resources provided to the C&AG by the States Assembly have been and are being used properly, efficiently and effectively.</p>
<p>They should be able to describe how they contribute to strategic outcomes and departmental objectives over time and how they will measure progress made and/or service performance in alignment with the Jersey Standard for Performance Management and Business Planning.</p>	<p>Section 1 of the Annual Report (<i>Performance Report</i>) sets out:</p> <ul style="list-style-type: none"> • the purpose of the JAO • a performance analysis including an assessment of performance against priorities and KPIs; and • priorities and KPIs for 2021.

Corporate Governance Report

Section 2: Accountability Report

Principle set out in the Public Finances Manual	How these principles apply to the C&AG and the JAO
<p>The functions of an Accountable Officer may be delegated to another person(s), however, personal accountability for those functions cannot be delegated. All delegations must be documented and recorded appropriately.</p>	<p>The C&AG has chosen to discharge her responsibilities through the JAO which she leads. The role of the JAO is set out in more detail in <i>About the C&AG and the JAO</i> (see page 12)</p> <p>The C&AG has formally documented the following delegation of functions to the Deputy C&AG:</p> <ul style="list-style-type: none"> • all functions in the C&AG’s absence; and • all functions in respect of the oversight of the contract with PwC for the audit of the Public Employees’ Pension Scheme and the Jersey Teachers’ Superannuation Fund.
<p>Accountable Officers must ensure that there are procedures in place to ensure proper control and assurance frameworks exist. Internal and external audit findings assess and test internal controls and performance. These audit findings should be used in conjunction with other measures to continually improve internal controls and performance.</p>	<p>The C&AG has put appropriate procedures in place. These are summarised in the C&AG’s corporate governance report (pages 40 to 50).</p> <p>The financial statements for the JAO are audited by Grant Thornton Limited. (See independent auditor’s report on pages 53 to 56.) There were no recommendations from the external auditor arising from the audit of the 2020 financial statements.</p>
<p>In addition, Accountable Officers should apply the overarching test of: ‘Could this course of action be satisfactorily defended in public?’ The Nolan Principles are of particular importance to the proper performance of the role.</p>	<p>The C&AG fully supports and applies the Nolan Principles. These are reflected in the JAO’s vision, purpose and values (see Exhibit 5) and the work carried out by the JAO.</p>

Corporate Governance Report

Section 2: Accountability Report

Principle set out in the Public Finances Manual	How these principles apply to the C&AG and the JAO
Accountable Officers should work together for the common good of the Government of Jersey.	<p>The C&AG is appointed by the States Assembly and is independent of Government.</p> <p>As reflected in the principles and values of the JAO (Exhibit 5) auditors should be independent and seen to be independent of those they audit. They should not undertake any work that might impair their independence or might reasonably be perceived to do so.</p> <p>Insofar as it is consistent with the C&AG's and JAO's independence, the C&AG adopts a positive and constructive approach. This is reflected in the JAO's principles (Exhibit 5).</p>

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 and internal control.

Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the JAO's system of internal controls in 2020 that affected the achievement of the JAO's key policies, aims and objectives.

Corporate Governance Report

Section 2: Accountability Report

The Corporate Governance Report has been signed on 20 May 2021.



Lynn Pamment

Comptroller and Auditor General

Remuneration and Staff Report

Section 2: Accountability Report

During 2020, the JAO relied on the services of eight independent contractors, including the C&AG and the Deputy C&AG. Expenditure on these independent contractors is reported in the Annual Accounts and expenditure on the C&AG and on the Deputy C&AG is identified separately. 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 Chairman of the Public Accounts Committee.

Remuneration for the Deputy C&AG is subject to statutory oversight by the Board of Governance.

The remuneration of the Chairman of the Board of Governance is reported in the Annual Accounts. His remuneration is determined by the States Assembly.

The JAO has had no States employees assigned to it since October 2017.

No payments in compensation for loss of office were made in the year.

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 20 May 2021.



Lynn Pamment

Comptroller and Auditor General

Accountability Statement and Audit Report

Section 2: Accountability Report

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 2020 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 2020
- 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

20 May 2021

Accountability Statement and Audit Report

Section 2: Accountability Report

Independent Auditor's 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 2020 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 2020 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.

Accountability Statement and Audit Report

Section 2: Accountability Report

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 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 in Section 2 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

Accountability Statement and Audit Report

Section 2: Accountability Report

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.
- 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.

Accountability Statement and Audit Report

Section 2: Accountability Report

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

20 May 2021



Annual Accounts

Office of the Comptroller and Auditor General:

Annual Accounts for the year ended 31 December 2020

Annual Accounts

Section 3: Annual Accounts

Statement of comprehensive net expenditure

For the year ended 31 December 2020

	Notes	2020	2019
Expenses		£	£
Employee and similar costs: Chairman of the Board of Governance		2,000	2,000
Employee and similar costs: Comptroller and Auditor General		105,850	110,100
Employee and similar costs: other	4	309,900	300,100
Other costs: audit of the accounts of the States of Jersey	5	373,200	333,600
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General		4,350	4,300
Other costs: recruitment to Board of Governance		11,500	0
Other costs: recruitment of Comptroller and Auditor General		0	39,200
Other costs: general	6	32,500	35,300
Other costs: accommodation-related	7	27,700	22,800
Total comprehensive net expenditure		867,000	847,400

Annual Accounts

Section 3: Annual Accounts

Statement of financial position

	Notes	31 December 2020	31 December 2019
		£	£
Assets			
Current assets			
Trade receivables from exchange transactions	8	4,000	4,900
Receivables from non-exchange transactions: States of Jersey Consolidated Fund		455,400	426,500
Total assets		459,400	431,400
Liabilities			
Current liabilities			
Trade payables from exchange transactions	9	459,400	431,400
Total current liabilities		459,400	431,400
Total liabilities		459,400	431,400
Net assets		0	0

Annual Accounts

Section 3: Annual Accounts

Statement of comparison of budget and actual amounts

For the year ended 31 December 2020

	Note	2020	2019
Net revenue expenditure		£	£
Original budget	17	857,000	817,400
Adjustments	17	15,176	14,800
Revised budget	17	872,176	832,200
Further adjustment	17	0	8,500
Final budget	17	872,176	840,700
Actual on comparable basis		867,000	847,400
Performance difference		5,176	(6,700)

Annual Accounts

Section 3: Annual Accounts

Notes to the financial statements

1 General Information

These financial statements were authorised for issue by the Comptroller and Auditor General on 20 May 2021.

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.87/2021).

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. Therefore:

- these financial statements include a Statement of Comprehensive Net Expenditure as the Office of the Comptroller and Auditor General receives no income

Annual Accounts

Section 3: Annual Accounts

- 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
- 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; 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 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 2020 (or 31 December 2019).

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.

Annual Accounts

Section 3: Annual Accounts

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.

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 2020.

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.

Annual Accounts

Section 3: Annual Accounts

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 European Union-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:

- 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 40 Public Sector Combinations that applies to financial statements for periods commencing on or after 1 January 2020 has no impact on the reported financial position or performance of the Office.

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

Annual Accounts

Section 3: Annual Accounts

- 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.

4 Employee and similar costs: other

	2020	2019
	£	£
Deputy Comptroller and Auditor General	88,200	92,800
Affiliates	135,500	133,400
States employee, finance, communication & administrative support	86,200	73,900
	309,900	300,100

The staff costs for the States employee includes an employer contribution of £0 (2019: £500) to the Public Employees' Pension Fund.

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 £71,800 (2019: £64,200).

Annual Accounts

Section 3: Annual Accounts

6 Other costs: general

	2020	2019
	£	£
Board Governance Review	10,300	0
ICT support	15,500	4,500
Communications	1,800	2,200
Travel and accommodation: Chairman of the Board of Governance	0	300
Travel and accommodation: Comptroller and Auditor General	2,800	10,100
Travel and accommodation: Deputy Comptroller and Auditor General	900	4,700
Travel and accommodation: other	1,000	13,000
Administration	200	500
	32,500	35,300

7 Other costs: accommodation-related

	2020	2019
	£	£
Premises and maintenance	27,200	22,100
Printing and stationery	500	700
	27,700	22,800

Annual Accounts

Section 3: Annual Accounts

8 Trade receivables from exchange transactions

	2020	2019
	£	£
Prepayments	4,000	4,900
	4,000	4,900

9 Trade payables from exchange transactions

	2020	2019
	£	£
Trade payables	3,700	26,000
Accruals	455,700	405,400
	459,400	431,400

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.

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.

Annual Accounts

Section 3: Annual Accounts

11 Related party disclosures

Terms and conditions of transactions with related parties

Lynn Pamment, who was Comptroller and Auditor General during 2020 and Karen McConnell who was Comptroller and Auditor General during 2019 were 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, Karen McConnell 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 total expenditure on their engagement is reported in the Statement of Comprehensive Net Expenditure.

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 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.

Annual Accounts

Section 3: Annual Accounts

12 Operating lease payments

Future minimum lease payments under an operating lease relate to office accommodation and associated equipment and amount to £22,500 (2019: £50,000), £22,500 (2019: £27,500) of which is payable within one year, with the remaining £0 (2019: £22,500) being payable between 2 to 5 years inclusive.

Lease payments recognised as an expense during the period amounted to £29,200 (2019: £24,300).

13 Contingent liabilities

At the end of the financial year the Office of the Comptroller and Auditor General had no contingent liabilities (31 December 2019: nil).

14 Segment information

For management purposes the Office of the Comptroller and Auditor General is treated as comprising only two business units - one covering the governance of the Office of the Comptroller and Auditor General and one covering all other expenditure.

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
- 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.

Annual Accounts

Section 3: Annual Accounts

Reportable segments 2020

	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	100,500	5,350	105,850
Employee and similar costs: other	301,800	8,100	309,900
Other costs: audit of the accounts of the States of Jersey	373,200	0	373,200
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General	0	4,350	4,350
Other costs: recruitment of Comptroller and Auditor General	0	0	0
Other costs: recruitment to Board of Governance	0	11,500	11,500
Other costs: general	22,300	10,200	32,500
Other costs: accommodation-related	27,600	100	27,700
Total comprehensive net expenditure	825,400	41,600	867,000
Other information			
Segment assets	454,750	4,350	459,100
Segment liabilities	454,750	4,350	459,100

Annual Accounts

Section 3: Annual Accounts

Reportable segments 2019

	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	105,800	4,300	110,100
Employee and similar costs: other	294,100	6,000	300,100
Other costs: audit of the accounts of the States of Jersey	333,600	0	333,600
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General	0	4,300	4,300
Other costs: recruitment of Comptroller and Auditor General	39,200	0	39,200
Other costs: general	33,700	1,600	35,300
Other costs: accommodation-related	22,800	0	22,800
Total comprehensive net expenditure	829,200	18,200	847,400
Other information			
Segment assets	426,500	4,900	431,400
Segment liabilities	426,500	4,900	431,400

15 Events after the reporting period

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

Annual Accounts

Section 3: 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 Financial Report and Accounts of the States of Jersey 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 2020 can be reconciled as follows:

	2020	2019
	£	£
Near cash expenditure for the Office of the Comptroller and Auditor General reported on page 218 of the Annual Report and Accounts of the States of Jersey for the year ended 31 December 2020 (page 162 of the Annual Report and Accounts of the States of Jersey for the year ended 31 December 2019)	872,000	841,000
Plus / (minus): Adjustment to opening restructuring provision reflected in the Office's 2018 accounts	0	5,000
Plus / (minus): Other adjustments	(5,100)	1,800
Plus / (minus): Adjustment for different unit of rounding	100	(400)
Total comprehensive net expenditure	867,000	847,400

Annual Accounts

Section 3: Annual Accounts

17 Differences between original budget, final budget and actual

'Original budget 2020' represents the sum for the year ended 31 December 2020 included in the Government Plan 2020-2023 as Amended, approved by the States Assembly on 2 December 2019.

'Revised budget 2020' shows an in-year budget adjustment for the year ended 31 December 2020 notified by the Treasurer of the States to the Comptroller and Auditor General on 30 September 2020.

'Final budget 2020' 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.87/2021) and reflecting Ministerial Decision MD-TR-2021-0061 made by the Minister for Treasury and Resources on 14 May 2021.

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 Jersey Audit Office accounts in February 2021 and the closure of the Government of Jersey financial accounting ledgers in December 2020.



JERSEY AUDIT OFFICE

LYNN PAMMENT

Comptroller and Auditor General

Jersey Audit Office, de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT
T: +44 1534 716800 E: enquiries@jerseyauditoffice.je W: www.jerseyauditoffice.je