
STATES OF JERSEY



MID-TERM REFLECTIONS (R.120/2023): EXECUTIVE RESPONSE

Presented to the States on 15th September 2023
by the Public Accounts Committee

STATES GREFFE

FOREWORD

In accordance with paragraphs 69-71 of the [Code of Practice](#) for engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’, the Public Accounts Committee presents the Executive Response to the Comptroller and Auditor General’s Report entitled: [Mid-Term Reflections](#) (R.120/2023, presented to the States Assembly on 31st July 2023).

The Committee intends to review the Executive Response to the recommendations and will consider whether to produce further comments in due course.

Deputy L. Feltham

Chair, Public Accounts Committee

Chief Executive and Treasurer of the States Response to C&AG Report: [Mid-Term Reflections](#) – Executive Response to PAC by Friday 15th September 2023.

Summary of response:

As the C&AG will be aware, whilst always looking to improve our governance we must have regard to value for money for Islanders and look to adopt only those measures where the reduction in risk justifies additional costs, administration and workload. We also need to have regard to our relationship with the various bodies that are established or controlled by the States, or with whom we work closely to deliver strategic priorities approved by the States Assembly and the legislation that governs those entities. Additional governance and control requirements need to be justifiable and not jeopardise the goodwill or existence of those bodies. In terms of this specific report, and from discussions with the Minister for Treasury and Resources, there are some concerns over proportionality and whether proposals are necessary and appropriate for a small jurisdiction like Jersey. There are also concerns among some affected Arm's Length Bodies. These concerns apply to many of the individual recommendations.

Action Plan

Recommendations	Action	Target date	Responsible Officer
C&AG powers and duties			
<p>R1 Amend legislation to give the C&AG a duty to appoint auditors (or, where relevant, independent examiners) of all entities established or controlled by the States who are required to publish financial statements.</p>	<p>ACCEPT IN PRINCIPLE</p> <p>Further to discussion with the Minister for Treasury and Resources, this recommendation is accepted in principle, subject to coordinating with, and formal feedback from, stakeholders across the Arm's Length Bodies landscape. This caveat is noted, as this recommendation is strongly resisted by a number of the bodies that the Government works with to deliver strategic priorities. It is appreciated that the C&AG has arranged webinars for those affected bodies to address concerns.</p> <p>If those concerns cannot be allayed, it is unlikely that the Government would proceed with implementation.</p>	<p>End of June 2025</p>	<p>Head of Financial Governance, Treasury & Exchequer, in partnership with the Office of the C&AG and the Head of Governance Policy, Cabinet Office</p>

	<p>Additionally, Government officers are working with the C&AG to agree a definitive list of States-established and controlled entities. Acceptance in principle is also on the basis that the Office of the C&AG will provide substantial support in the delivery of the actions necessary.</p> <p>On the assumption that agreement can be reached with the affected bodies, and taking into account the need to draft legislation, agree a list of bodies, consult and seek States Assembly approval, the end of June 2025 is seen as an ambitious but deliverable timetable for the approval of revised legislation provided dedicated resources are secured.</p>		
R2 Establish a consistent statutory framework relating to the responsibilities and powers of auditors appointed by the C&AG.	<p>ACCEPT</p> <p>This recommendation is accepted. The target date is dependent on recommendation 1, so is conservatively set as the end of June 2025. If an early decision is taken not to accept and implement recommendation 1 it may be possible to implement this recommendation earlier.</p>	End of June 2025	Head of Financial Governance, Treasury & Exchequer, in partnership with the Office of the C&AG and the Head of Governance Policy, Cabinet Office
R3 Introduce legislative amendments to apply the Jersey Audit Office Code of Audit Practice to the audit of all States controlled and States established entities	<p>ACCEPT</p> <p>This recommendation will require consultation with the bodies that the Government works with to deliver strategic priorities. It is appreciated that the C&AG has offered to deliver a webinar for those affected bodies to address concerns.</p> <p>To some extent, implementation of this recommendation is dependent on recommendation 1.</p>	End of June 2025	Head of Financial Governance, Treasury & Exchequer, in partnership with the Office of the C&AG and the Head of Governance Policy, Cabinet Office

	<p>Additionally, Government officers are working with the C&AG to agree a definitive list of States-established and controlled entities.</p> <p>On the assumption that agreement can be reached with the affected bodies, and taking into account the need to draft legislation, agree a list of bodies, consult and seek States Assembly approval, the end of 2024 is seen as a realistic timetable for the approval of revised legislation.</p>		
<p>R4 Introduce legislation to recognise the C&AG as the 'competent authority' for the regulatory oversight of the auditors of all States controlled and States established entities</p>	<p>ACCEPT</p> <p>This recommendation will require consultation with the bodies that the Government works with to deliver strategic priorities. It is appreciated that the C&AG has offered to deliver webinars for those affected bodies to address concerns.</p> <p>To some extent, implementation of this recommendation is dependent on recommendation 1.</p> <p>Additionally, Government officers are working with the C&AG to agree a definitive list of States-established and controlled entities.</p> <p>On the assumption that agreement can be reached with the affected bodies, and taking into account the need to draft legislation, agree a list of bodies, consult and seek States Assembly approval, the end of 2024 is seen as a realistic timetable for the approval of revised legislation.</p>	<p>End of June 2025</p>	<p>Head of Financial Governance, Treasury & Exchequer, in partnership with the Office of the C&AG and the Head of Governance Policy, Cabinet Office</p>
<p>R5 Introduce changes to the Public Finances Manual to require the States of Jersey to consult with the C&AG on proposed changes to the Public Finances Manual and the Jersey Financial Reporting Manual.</p>	<p>ACCEPT</p> <p>This recommendation is accepted.</p>	<p>End of March 2024</p>	<p>Head of Financial Governance, Treasury & Exchequer</p>

Arrangements to ensure the independence of the C&AG			
R6 Update legislation to clarify the legal nature of the Office of the C&AG, including in particular whether the Office has legal personality.	ACCEPT The Government will work with the C&AG to consider the most appropriate legal arrangements for the Office of the C&AG. Amendments to the statutory governance arrangements for the Office of the C&AG under the Comptroller and Auditor General (Jersey) Law 2014 will then be taken forward as a project under the Chief Minister's Legislative Programme for 2024.	End of 2024	Head of Governance Policy, Cabinet Office
R7 Update legislation to require the Chief Minister and the Chairman of the Public Accounts Committee to take into account the views and recommendations of the Board of Governance in proposing an appointment of a C&AG and in agreeing terms and conditions of appointment of a C&AG.	ACCEPT This recommendation is accepted. The necessary legislative amendments will be brought to the States Assembly in 2024.	End of 2024	Head of Governance Policy, Cabinet Office
R8 Introduce legislation for the Office of the C&AG to specify that States of Jersey employees working for the Office of the C&AG shall be treated as if they were the staff of the Office of the C&AG.	ACCEPT This recommendation is accepted. The necessary legislative amendments will be brought to the States Assembly in 2024, subject to the support of the States Employment Board.	End of 2024	Head of Governance Policy, Cabinet Office
R9 Undertake a formal review of the options for the terms and conditions of appointment of the next C&AG in advance of the recruitment process commencing.	ACCEPT The Treasurer and Chief Executive will work with colleagues, particularly in People and Corporate Services, to review the options for the terms and conditions of appointment of the next C&AG in advance of the recruitment process commencing.	End of 2024	Head of Financial Governance, Treasury & Exchequer
R10 Update legislation to require the Chief Minister and the Chairman of the Public Accounts Committee to take into	ACCEPT	End of 2024	Head of Governance Policy, Cabinet Office

account the views and recommendations of the Board of Governance in proposing a revocation of appointment of a C&AG.	This recommendation is accepted. The necessary legislative amendments will be brought to the States Assembly in 2024.		
Accountability arrangements for the Office of the C&AG			
R11 Update legislation to require the C&AG to publish an annual report of findings.	ACCEPT This recommendation is accepted. The necessary legislative amendments will be brought to the States Assembly in 2024.	End of 2024	Head of Governance Policy, Cabinet Office
Oversight of the Office of the C&AG			
R12 Update legislation to provide statutory limitation of liability to the Board of Governance in the discharge of its functions.	ACCEPT This recommendation is accepted. The necessary legislative amendments will be brought to the States Assembly in 2024.	End of 2024	Head of Governance Policy, Cabinet Office
R13 Agree a Memorandum of Understanding for the provision of financial systems and support by the Government of Jersey to the Office of the C&AG.	ACCEPT The previous C&AG made a similar recommendation to R13 and R14 in her report on Non-Ministerial Departments in 2019. This recommendation was accepted. Implementation, which is part of a wider project, is significantly overdue – in part due to diversion of resources to implement Connect Finance. We will refocus on finalising this matter.	End of June 2024	Head of Financial Governance, Treasury & Exchequer
R14 Following agreement of the Memorandum of Understanding for the provision of financial systems and support to the Office of the C&AG, agree a Service Level Agreement setting out service standards and mechanisms for monitoring performance against those standards	ACCEPT The previous C&AG made a similar recommendation to R13 and R14 in her report on Non-Ministerial Departments in 2019. This recommendation was accepted. Implementation, which is part of a wider project, is significantly overdue – in part due to diversion of resources to implement Connect Finance. We will refocus on finalising this matter.	End of June 2024	Head of Financial Governance, Treasury & Exchequer
Resources of the Office of the C&AG			

<p>R15 Introduce legislative provision to enable the C&AG with the support of the Chairman of the Board of Governance to apply directly to the States Assembly for resources in situations where agreement on resources cannot be reached with the Chairman of the Public Accounts Committee.</p>	<p>ACCEPT</p> <p>This recommendation is accepted in principle, provided that it can be implemented by a consequential amendment to the Public Finances (Jersey) Law 2019 (PFL) as part of amendments to the C&AG Law 2014.</p> <p>We do not consider there is a sufficient risk to warrant an Assembly debate on a standalone amendment to the PFL. If other changes to the PFL are brought to the Assembly for any reason in the intervening period, this provision can be accommodated.</p>	<p>End of 2024</p>	<p>Head of Financial Governance, Treasury & Exchequer</p>
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Recommendations not accepted

	Recommendation	Reason for rejection