

STATES OF JERSEY



STATES ANNUAL REPORT AND ACCOUNTS 2023 REVIEW (P.A.C.2/2024): EXECUTIVE RESPONSE

Presented to the States on 30th October 2024
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 (PAC) presents the Executive Response to its report ‘[P.A.C.2/2024 States Annual Report and Accounts 2023](#)’ which was presented on 31st July 2024.

Deputy I. Gardiner

Chair, Public Accounts Committee

COMMENTS

The PAC has reviewed the Executive Response to its report and has the following comments to make in relation to it.

Recommendation One

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
R1 The Treasurer of the States, in collaboration with the Communications Directorate, should seek feedback from members of the public in relation to how it could improve regarding the overall awareness of the report, the information provided and the mechanisms for accessing the Annual Report and Accounts document. This should identify the channels through which islanders would prefer to access information with a view to incorporating these improvements within the presentation of the 2024 Annual Report and Accounts.	If not implemented, then there is a risk that public awareness of how to access and understand the Annual Report and Accounts document may not improve, which in turn might lead to low perceptions of transparency and public trust.	Low (1-3)	Feedback from the public is gathered through the Island Survey, with a focus on prioritising questions that are impactful to ensure a high response rate. Government information is already accessible to the public through the Gov.je website.	Not agreed This recommendation will not be prioritised at this time – the ARA is already a public document, is presented to the States Assembly and media are advised. The strategy for communication will be dependent on the circumstances at a given time.	No specific action at this time.

The PAC is disappointed with the response to this recommendation. Whilst it should be noted that the polls conducted by the PAC during its review did receive limited responses, it highlighted that further work should be undertaken in order to promote access to the Annual Report and Accounts with members of the public.

The PAC notes from the response that the Government is not intending to prioritise this recommendation at this time, and its rationale for this is that the Annual Report and Accounts

is a public document and States Members, and the media are informed of it. No communications plan was provided to the PAC around the publication of the Annual Report and Accounts, and this concerns the PAC that members of the public may not be fully aware of how to access the information provided within it without having an understanding of where to find it. The previous PAC had recommended within its report on the States Annual Report and Accounts 2021 that questions should be included within the Jersey Opinions and Lifestyle Survey (JOLS) in order to gauge public awareness of the Annual Report and Accounts. This was not included in the 2022 iteration and the PAC is disappointed that no further work has been undertaken to gauge public understanding since this report.

The PAC considers it very important for the public to be fully aware of the publication of this document and where to find it for transparency and to also make finding information about how tax payers' money has been spent easily accessible for the public. This also links into the work around the 'Golden Thread'¹ and shows a clear path from the budget for that particular year to the outcomes of whether objectives were achieved or not. The PAC would ask Government to reflect on whether it truly wants to have a well informed and engaged public, and providing better communication around the Annual Report and Accounts being a necessary step to achieve this. The PAC intends to follow up on this as part of its review of the 2024 Annual Report and Accounts and would urge Government to put in place a suitable communications plan for this next iteration.

Recommendation 2

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
R2 The Treasurer of the States should ensure that formal guidance is updated that mandates a departmental annual report must be submitted to the relevant Minister for review through the form of a briefing, prior to it being submitted for inclusion in the Annual Report and Accounts.	If not implemented, then there is a risk that departmental annual reports may be submitted for inclusion in the annual report and accounts without adequate ministerial review.	Low (1-3)	Ministers are routinely briefed on delivery, performance and any issues. Guidance to departments for ARA 2023 included a requirement for ministerial knowledge of proposed content.	Agreed. Guidance is in place, and for 2024 will continue to require ministerial involvement.	No specific action at this time as this has already been included in guidance to departments.

The PAC notes that guidance is in place to ensure the relevant Ministers are briefed ahead of the publication of the Annual Report and Accounts, especially in relation to the information that is included in respect of the departmental performance reports and overall objectives that were met by each department. The PAC is pleased that this guidance is in place, however, it would like to see evidence of this in practice as part of the 2024 Annual Report and Accounts process.

¹ The term Golden Thread refers to the reporting line that exists between Governments stated objectives through to the reporting on whether those objectives have been achieved or not. This usually follows from the budget for a given year through to the final reporting on performance within the annual report and accounts for that year.

Recommendation 3

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
R3 Within the 2024 Annual Report and Accounts, reporting on employee numbers per pay bracket should be included and compared with prior year actuals, as set out within the 2022 Annual Report and Accounts. This should be expressed as number of employees per pay bracket as opposed to only percentages of overall headcount within the departments as in the 2023 States Employment Board Annual Report.	If not implemented, then there is a risk that the employee pay band distribution information may be questioned. The risk profile is deemed low because the required information is already available in the form of percentages, which can be calculated into employee numbers per pay bracket.	Low (1-3)	The current reporting aligns with best practice and making the changes may add little value to users of the financial statements and move away from standard requirements.	Not agreed. Relevant information is already published separately in reports from the States Employment Board. ARA 2024 will continue to meet the requirements of the JFReM, based on the UK FReM in accordance with best practice, and relevant propositions, whilst also being in a format which is more statistically meaningful over multiple time periods.	No specific action at this time.

The PAC notes that the response from Government to this recommendation states that it will continue to follow best practice with reporting in respect of the Jersey Financial Reporting Manual (JFReM) and the UK Financial Reporting Manual (UK FReM) to provide a format which is more statistically meaningful over a longer period of time. Whilst this is noted by the PAC, it notes that within the UK FReM, reference is made to the use of numbers within the following section:

Further disclosures should be made within the Remuneration and Staff Report (part of the Accountability Report) and these include:

- a) Numbers of Senior Civil Service staff (or equivalent) by pay band; and*
- b) Staff composition – Entities should provide an analysis of the number of persons of each sex who were directors, senior civil servants (or equivalent) and employees of the government entity.²*

This direction within the UK FReM clearly states ‘numbers’ of senior civil servants. The choice within the 2023 Annual Report and Accounts to provide a link to the States Employment Board Annual Report is understood, however, the information provided within this report is not in line with the direction within the UK FReM. Noting the commitment to using best practice in reporting of staffing numbers, the PAC would urge Government to provide this information within the 2024 Annual Report and Accounts rather than the SEB annual report and present it as numbers of staff per pay bracket, rather than expressing it as a percentage of the overall workforce. This is more meaningful for those accessing the

² [UK FReM – page 48 and 49](#)

information and provides a clearer comparison over multiple years. The PAC would note that numbers of employees per pay bracket were included in the 2022 Annual Report and Accounts, and this can be used as a starting point in order to provide this comparative narrative.

Recommendation Four

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
R4 The Chief Information Officer should provide the PAC with the detailed action plan for introduction of new internal IT controls by the end of Quarter Three 2024.	If not implemented, then PAC may perceive a lack of determination in work to improve internal controls.	Low (1-3)	Modernisation and Digital are planning to improve internal controls and address issues identified. Departments and business system owners are currently confirming responsibilities and deadlines. Updates can be provided to PAC as part of regular briefings.	The recommendation is agreed in part. However, instead of providing a written report by Q3 2024, it is proposed to provide briefings to PAC as part of scheduled hearings.	IT Controls

The PAC notes Government's intention to provide a series of briefings to the PAC on the progress of implementing internal IT controls, rather than providing a written report. This is accepted by the PAC, however, it has yet to be given any potential dates for the briefings to take place, despite the recommendation having a timescale of quarter 3 2024. As such, the PAC would encourage Government to bring forward a proposed date for this briefing, noting that it has been suggested as the best manner in which to update the PAC.

Recommendation Six

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
R6 The Chief Officer for Health and Community Services should present a quarterly report to the States Assembly which details the progress of the Financial Recovery Plan delivery team within Health and Community Services in delivering the	None, as effectively implemented through the FRP since July 2023.	N/A	FRP savings delivery is reported to the HCS Advisory Board. Advisory Board papers are made public on the gov.je website - the information is already available to the States Assembly and others. This has been implemented since July 2023 and is now	Not agreed as already made public.	No specific action at this time.

agreed savings and efficiencies stated in the Financial Recovery Plan. These reports should also provide a risk rating to identify any areas where savings are being impacted and any potential associated additional risk that might occur.			part of standard operating procedures.		
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The PAC notes that this information is published as part of the board pack for the Health and Community Services Advisory Board meetings, and it has accessed the most recent information from the published board pack. This is a positive development to have publicly available and the PAC would commend Government for providing open and transparent information. The PAC would kindly request that future reports are sent to it directly to PAC ahead of the board meetings given the importance of the financial turnaround plan with HCS.

Recommendation Seven

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
R7 The Government of Jersey should bring forward a consistent definition for what is meant by ‘Value for Money’ and ensure this is applied across all departments with the aim of ensuring better prioritisation of resources. The presentation of the Annual Report and Accounts 2024 should include this definition.	None – VFM programme superseded	N/A	<p>The Value for Money programme has been superseded by a wider programme of savings, and so the need for a definition of what can be included as a “Value for Money” saving is no longer as relevant.</p> <p>The Public Finances Manual already includes a definition of Value for Money (in its wider usage) in its Glossary, linking to the Public Finances Law which makes ensuring resources are used economically, efficiently and effectively, a function of Accountable Officers.</p>	Not agreed as superseded	No specific action at this time.

The PAC continues to hold concerns around the definitions being used by Government in relation to ‘savings.’ It is noted that the Value for Money programme has been replaced by a wider programme of savings, however, the point raised by the PAC in its recommendation is that there is not a clear definition of what is meant by savings. It should be noted that in previous years terms such as ‘efficiencies’ and ‘value for money’ have been used to describe the manner in which Government better utilises taxpayers’ money, however, this has included income generating measures, staff reductions, reprioritisation of resources and reductions in Heads of Expenditure to name but a few ways of achieving the programme. The PAC is still concerned that a clear definition of what is meant by ‘savings’ is still not in place, and it would encourage Government to bring forward a clear definition, regardless of the name attached to the particular programme. This would allow clear KPIs to be attached to it and improve the manner in which it can be monitored and tracked.

Conclusion

Overall, the PAC is pleased to see that work continues to improve the Annual Report and Accounts each year. It has, however, noted that a few areas identified within its report are not due to be taken forward within the 2024 iteration. The following matters are ones that the PAC believes should be addressed in the 2024 Annual Report and Accounts:

1. A clear communications plan should be developed by Government as to how it intends to promote access to the Annual Report and Accounts for the general public.
2. Evidence should be provided to the PAC on the implementation of guidance around providing briefings to Ministers about the departmental and overall performance reports within the States Annual Report and Accounts.
3. Reporting on staffing numbers within the Civil Service should be included within the States Annual Report and Accounts rather than within the SEB Annual Report and this should be provided in the form of numbers rather than percentages of overall headcount in line with best practice highlighted within the UK FReM.
4. Briefings should be offered to the PAC on the progress made implementing the Internal IT Controls highlighted by the external auditors.
5. A clear definition of what is meant by ‘savings’ should be brought forward by Government in order to clearly set out the manner in which savings will be achieved by the various departments. This should also include clear KPIs so that it is possible to track the effectiveness of these measures.

The PAC would like to place on record its thanks to Officers for providing this response and for all the work that is ongoing to improve reporting on Government performance and financial reporting. It shall shortly be writing to the Chief Executive Officer to gain further clarity on the points raised above.

Chief Executive - Executive Response to PAC report: [States Annual Report and Accounts 2023](#) – Response due by 24th September 2024

Summary of response:

The Chief Executive and Treasurer welcome the report of the PAC, the constructive dialogue with, and challenge from, the PAC and share their objective of improved management and reporting of performance.

Whilst many recommendations have been agreed, not all recommendations have been adopted. The approach has been to consider matters of greatest risk, relative costs and benefits of adoption, and the capacity to implement recommendations, in order to ensure that the most critical risks are managed effectively.

Risk assessment and decision rationale

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
<p>R1 The Treasurer of the States, in collaboration with the Communications Directorate, should seek feedback from members of the public in relation to how it could improve regarding the overall awareness of the report, the information provided and the mechanisms for accessing the Annual Report and Accounts document. This should identify the channels through which islanders would prefer to access information with a view to incorporating these improvements within the presentation of the 2024 Annual Report and Accounts.</p>	<p>If not implemented, then there is a risk that public awareness of how to access and understand the Annual Report and Accounts document may not improve, which in turn might lead to low perceptions of transparency and public trust.</p>	<p>Low (1-3)</p>	<p>Feedback from the public is gathered through the Island Survey, with a focus on prioritising questions that are impactful to ensure a high response rate.</p> <p>Government information is already accessible to the public through the Gov.je website.</p>	<p>Not agreed</p> <p>This recommendation will not be prioritised at this time – the ARA is already a public document, is presented to the States Assembly and media are advised.</p> <p>The strategy for communication will be dependent on the circumstances at a given time.</p>	<p>No specific action at this time.</p>
<p>R2 The Treasurer of the States should ensure that formal guidance is updated that mandates a departmental annual report must be submitted to the relevant Minister for review through the form of a briefing, prior to it being submitted for inclusion in the Annual Report and Accounts.</p>	<p>If not implemented, then there is a risk that departmental annual reports may be submitted for inclusion in the annual report and accounts without adequate ministerial review.</p>	<p>Low (1-3)</p>	<p>Ministers are routinely briefed on delivery, performance and any issues.</p> <p>Guidance to departments for ARA 2023 included a requirement for ministerial knowledge of proposed content.</p>	<p>Agreed.</p> <p>Guidance is in place, and for 2024 will continue to require ministerial involvement.</p>	<p>No specific action at this time as this has already been included in guidance to departments.</p>

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
<p>R3 Within the 2024 Annual Report and Accounts, reporting on employee numbers per pay bracket should be included and compared with prior year actuals, as set out within the 2022 Annual Report and Accounts. This should be expressed as number of employees per pay bracket as opposed to only percentages of overall headcount within the departments as in the 2023 States Employment Board Annual Report.</p>	<p>If not implemented, then there is a risk that the employee pay band distribution information may be questioned.</p> <p>The risk profile is deemed low because the required information is already available in the form of percentages, which can be calculated into employee numbers per pay bracket.</p>	Low (1-3)	The current reporting aligns with best practice and making the changes may add little value to users of the financial statements and move away from standard requirements.	<p>Not agreed.</p> <p>Relevant information is already published separately in reports from the States Employment Board. ARA 2024 will continue to meet the requirements of the JFReM, based on the UK FReM in accordance with best practice, and relevant propositions, whilst also being in a format which is more statistically meaningful over multiple time periods.</p>	No specific action at this time.
<p>R4 The Chief Information Officer should provide the PAC with the detailed action plan for introduction of new internal IT controls by the end of Quarter Three 2024.</p>	If not implemented, then PAC may perceive a lack of determination in work to improve internal controls.	Low (1-3)	Modernisation and Digital are planning to improve internal controls and address issues identified. Departments and business system owners are currently confirming responsibilities and deadlines. Updates can be provided to PAC as part of regular briefings.	The recommendation is agreed in part. However, instead of providing a written report by Q3 2024, it is proposed to provide briefings to PAC as part of scheduled hearings.	IT Controls
<p>R5 The Treasurer of the States should, by the end of Quarter Four 2024, bring forward an action plan that sets out the intent and timescale for the full incorporation of the remaining four States-Owned Entities within the overall States of Jersey Group Annual Report and Accounts.</p>	If not implemented, then there will be less clarity on whether the remaining four States-Owned Entities will be consolidated into the overall States of Jersey Group Annual Report and Accounts.	Low (1 - 3)	This task is already planned and will deliver a consistent approach to presenting the information from SOEs, improving the comprehensiveness and reliability of financial reporting.	Agreed. The activity will focus on developing an action plan arising from the current review being undertaken as to whether to proceed with the full consolidation of all States-Owned Entities into the States of Jersey Group Annual Report and Accounts.	Financial Transparency and Compliance
<p>R6 The Chief Officer for Health and Community Services should present a quarterly report to the States Assembly which details the progress of the Financial Recovery Plan delivery team within Health and Community Services in delivering the agreed savings and efficiencies stated in the Financial Recovery</p>	None, as effectively implemented through the FRP since July 2023.	N/A	FRP savings delivery is reported to the HCS Advisory Board. Advisory Board papers are made public on the gov.je website - the information is already available to the States Assembly and others. This has been implemented since July 2023 and is now part of standard operating procedures.	Not agreed as already made public.	No specific action at this time.

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
Plan. These reports should also provide a risk rating to identify any areas where savings are being impacted and any potential associated additional risk that might occur.					
R7 The Government of Jersey should bring forward a consistent definition for what is meant by 'Value for Money' and ensure this is applied across all departments with the aim of ensuring better prioritisation of resources. The presentation of the Annual Report and Accounts 2024 should include this definition.	None – VFM programme superseded	N/A	<p>The Value for Money programme has been superseded by a wider programme of savings, and so the need for a definition of what can be included as a "Value for Money" saving is no longer as relevant.</p> <p>The Public Finances Manual already includes a definition of Value for Money (in its wider usage) in its Glossary, linking to the Public Finances Law which makes ensuring resources are used economically, efficiently and effectively, a function of Accountable Officers.</p>	Not agreed as superseded	No specific action at this time.
R8 The Government of Jersey should ensure that a clear narrative is provided within the 2024 Annual Report and Accounts to highlight the effectiveness of measures to curb growth in the public sector in line with the Common Strategic Priorities.	If not implemented, then the ARA may not be perceived as providing sufficient reporting on a point referred to within the CSP.	Low (1 -3)	The scale of growth in the expenditure of the States of Jersey is always analysed within the ARA. However, it should be noted that the overall size of the public sector is decided primarily through the approval by the Assembly of the Budget (Government Plan).	Agreed. narratives in the relevant sections of ARA 2024 will comment on the relative changes in expenditure across the organisation and thereby the effectiveness of delivering curbs in growth.	Annual reporting content
R9 The Chief Executive Officer should ensure, in time for 2024 Annual Report and Accounts, that tables are included which highlight the number of service performance measures which have been met, or not, by the individual departments along with appropriate and easily understandable narrative stating how plans to improve performance shortfalls. This can be provided within the departmental annual	If not implemented, then public appreciation of departmental performance may be perceived as lacking additional analysis. However, information is already publicly available through other sources, as described by PAC.	Low (1 -3)	<p>Service Performance Measures will be reported in departmental annual reports. The exact form will be a matter for individual Chief Officers in their departmental context.</p> <p>It should be noted that due to re-prioritisation within available resources, Statistics Jersey will not continue central co-ordination, quality assurance and publication of departmental Service Performance</p>	Agreed. Guidance to departments for departmental annual reporting as part of ARA 2024 will include the provision of a summary table for Service Performance Measure results.	Annual reporting content

Recommendations	Risk of non-implementation	Risk profile (E,H,M,L)	Other considerations in prioritisation	Is the recommendation agreed?	Improvement theme (If applicable)
reports. Whilst annual service performance measures are available elsewhere on the government website, the PAC suggests that this information be included in an easily accessible 'bird's-eye' view of the whole organisation.			Measures after mid-year 2024 reporting.		
R10 Given the importance of Education and Health in the overall performance of the Government, some form of customer feedback from these two areas should be included in subsequent States of Jersey Annual Report and Accounts.	If not implemented, then annual reports may not provide a comprehensive view of customer feedback, and the public may be less informed regarding achievements and opportunities for improvement in these two areas of public service.	Low (1-3)	This recommendation aligns with ongoing efforts to improve the voice of customer and measuring customer feedback across GoJ. It also aligns to the work to enhance transparency and accountability in departmental and GoJ reporting. Work is already underway to gather and have better oversight of improved customer feedback in Health and Education.	Agreed. The plans and work in progress will ensure that Health and Education have appropriate measures in place for customer feedback and that the relevant reporting is undertaken within their respective governance structures. This will improve quarterly ELT reporting and oversight and therefore ensure that feedback from these two areas can be included in future States of Jersey Annual Report and Accounts.	Annual reporting content

Prioritised improvement plan

Action theme	Actions	Target date	Responsible Officer(s)
IT Controls	Provide briefings to the Public Accounts Committee on internal IT controls as part of scheduled hearings, following issues identified during the ARA2023 process.	During 2024 and 2025	Chief Information Officer
Financial Transparency and Compliance	Share a plan with Public Accounts Committee for updating the approach to accounting for the remaining four States-Owned Entities into the States of Jersey Annual Reporting.	End 2024	Head of Group Reporting
Annual reporting content	Content will be included in the ARA 2024 in respect of: <ul style="list-style-type: none"> measures undertaken to curb the growth of the public sector, including relative levels of growth customer feedback from Health and Education <p>Issue guidance for departmental annual reporting to include the provision of a summary table for Service Performance Measure results, to be accompanied by suitable narratives on achievements and plans for improvements where necessary.</p>	May 2025	Assistant Chief Executive Officer