

---

# **STATES OF JERSEY**



## **ANNUAL LETTER AND ANNUAL REPORT**


---

**Presented to the States on 4th September 2014  
by the Comptroller and Auditor General**

---

**STATES GREFFE**





**Comptroller & Auditor General**  
**Annual Letter and Annual Report**

**04 September 2014**



## **Introduction**

- 1.1 I took up the office of Comptroller and Auditor General (C&AG) in February 2012. Subsequently there has been significant progress in developing public audit in Jersey, leading to the establishment of the Jersey Audit Office (JAO) and to the adoption of revised public audit legislation based on my recommendations. These changes secure compliance with international standards for public audit. In the same period my office has completed a substantial and wide-ranging audit work programme resulting in important recommendations to the States.
- 1.2 This document includes two distinct but related elements. It fulfills the requirement of Article 53(2) of the Public Finances (Jersey) Law 2005 for me to issue an Annual Report about the activities of my office. It also fulfills the requirement of the Jersey Audit Office Code of Audit Practice for me to issue an Annual Letter drawing together the results of my work and that of the auditors I appoint. Exceptionally, the Annual Report and Annual Letter cover an 18-month period from February 2012; subsequently my Annual Report and Annual Letter will be published by September each year.
- 1.3 Public accountability for the use of funds raised by taxation helps to instill confidence in the public sector: both the Annual Report and Annual Letter are important parts of the framework of accountability. Through the Annual Report I account for the public funding for my office. The Annual Letter, drawing together the results of audit work and highlighting priorities for action, is an important means by which members of the States Assembly and the public can secure assurance about the use of public funds and hold public servants to account.

**Karen McConnell**  
**Comptroller and Auditor General**

04 September 2014

## Annual Letter

- 2.1 This Letter draws together the various strands of published audit work across the areas where either I or auditors appointed by me have responsibilities (see Exhibit 1).

### Exhibit 1: The scope of audit work



- 2.2 I have summarised the findings of work under these five headings, but there is an overlap between them.

### Accounts

- 2.3 Each year the States prepare and publish annual accounts that are subject to audit by an audit firm (currently PricewaterhouseCoopers LLP) that I appoint. Annual accounts are an important means by which the States account for the use of public funds raised by taxation. They record on a consistent basis what the States own and what they owe, what they earned and what they spent.
- 2.4 The auditors appointed by me gave unqualified opinions on the States' accounts for both 2012 and 2013. I certified completion of the audits. Following the audit of the 2012 accounts I identified two areas where there was the potential to improve the States' financial reporting and made recommendations:

- **Extending the States' accounts to include the assets, liabilities and transactions of the Social Security Funds.** Whilst these Funds may only be used for specified purposes, they are controlled by the States and their exclusion meant that the States' accounts did not give a comprehensive picture of the States' finances. I am pleased that this recommendation was accepted. The 2013 annual accounts for the first time include the assets, liabilities and transactions of these funds.
- **Improving the accessibility and scope of the information accompanying the annual accounts.** The annual accounts only paint part of the picture. They do not link the resources used to the results achieved. I recommended that the information published with the annual accounts was developed to provide this wider perspective. Some welcome steps were taken in preparing the 2013 annual accounts to include performance measures but this is an area where further work will be required.

### **Internal financial control**

- 2.5 Internal financial control refers to the whole system of controls that provides reasonable assurance that:
- assets are safeguarded;
  - transactions are authorised and properly recorded; and
  - material errors are either prevented or detected.
- 2.6 My work focused on the States' internal audit function and on the Financial Directions that are a key component of the system of internal control.

### ***Internal audit***

- 2.7 A key part of the system of internal financial control is an internal audit function, providing management with assurance about the design and operation of control, risk management and governance procedures. The States have a statutory post of Chief Internal Auditor within the States Treasury, providing an internal audit function through a combination of directly employed staff and a contract with an accountancy firm. A cornerstone of an effective internal audit function is compliance with both professional standards and the legislation that governs it. The States' Internal Audit function fully adopted the UK's Public Sector Internal Audit Standards (PSIAS) from 1 January 2013.

- 2.8 My review identified that there was significant work to be undertaken to comply fully with PSIAS, including by:
- clarifying reporting lines for Internal Audit in relation to each of its functions. Analysing and agreeing reporting lines is particularly important in the context of the complex governance arrangements of the States;
  - strengthening the arrangements for securing independence, both of the Chief Internal Auditor (given that they are line managed by the Treasurer of the States (the Treasurer) and of the wider internal audit function (through evaluating the potential risks to independence from undertaking advisory work);
  - ensuring that advisory work, directly supporting management in specific areas, is not undertaken to the exclusion of core assurance work;
  - adopting an explicit and transparent risk assessment process to support the planning of audit work;
  - developing a comprehensive quality framework for the work of internal audit, including finalisation of an audit manual; and
  - implementing robust arrangements for following up the implementation of previous internal audit recommendations.
- 2.9 The Treasurer and Chief Internal Auditor have adopted a range of measures to secure improvement in response to the recommendations contained in my report. The Public Accounts Committee held a hearing following publication of my report. I shall follow up the implementation of my recommendations in 2015.

### ***Financial Directions***

- 2.10 A key element of the system of internal control comprises Financial Directions issued by the Treasurer. Article 34 of the Public Finances (Jersey) Law empowers the Treasurer, with the consent of the Minister for Treasury and Resources, to issue Financial Directions on any matter where it appears necessary or expedient for the proper administration of the public finances of Jersey.
- 2.11 My recently published review focused on both the design of and compliance with Financial Directions.
- 2.12 I found that there has been substantial development of the Financial Directions over the last three years to cover a wide range of areas and more Financial Directions are under development.

- 2.13 However, I found that compliance was not consistent and it was evident that there was more to do to embed the Financial Directions within the States, securing buy-in from departments, monitoring, learning from non-compliance and ensuring continuous improvement.
- 2.14 In my view, shorter, sharper Financial Directions, in a consistent style, accessible on an appropriate electronic platform, with rollout supported by training would secure consistently higher compliance across the States.
- 2.15 Such a model has substantial benefits particularly as the States seeks to modernise. The extension of the model to cover other corporate activities, such as information management and human resources, would enhance both the design and operation of the States' system of internal control.

### **Value for money**

- 2.16 'Value for money' means maximising the '3Es':
- economy (minimising the cost of inputs);
  - efficiency (maximising the outputs secured from the inputs); and
  - effectiveness (maximising the alignment between the outputs and the outcomes desired).
- 2.17 My work focused on:
- two related areas where good project management is essential: procurement and the management of major property transactions; and
  - the use of management information to inform decision making in one specific area – the Hospital's operating theatres.

### ***Procurement***

- 2.18 Good quality procurement is a key means of securing value for money. I reviewed the States' general procurement arrangements against good practice, including arrangements for measuring savings from major corporate procurement exercises.
- 2.19 I identified significant progress in developing corporate procurement arrangements within the States, with good practice in a number of areas. However, I found that:



- the Corporate Procurement Strategy had not been updated since 2008. No formal stocktake had been undertaken against the actions detailed in the Strategy nor had they been reviewed in light of experience or changes in the environment;
- States-wide information on procurement was incomplete: some information is not held on the States-wide contracts register reducing the ability to plan future procurement in the most efficient way;
- there was scope to develop standardised documentation to assist departments in undertaking procurement exercises in accordance with best practice;
- due diligence procedures on potential contractors were limited, increasing the risk that the States appoint contractors who are not able to meet their contractual commitments;
- there were no systematic processes for reviewing individual procurement exercises and sharing the learning from them more widely across the States. This increases the risk that improvements in procurement processes are not implemented; and
- there was scope to improve the arrangements for estimating potential savings from procurement initiatives and demonstrating their realisation.

2.20 The report was positively received by the Treasurer and Chief Executive. I will follow up implementation of the recommendations in 2015.

### ***Management of major property transactions***

2.21 My review focused on the proposed purchase of Lime Grove House as a headquarters building for the States of Jersey Police, a transaction that ultimately did not proceed.

2.22 My review identified weaknesses at each stage of the planned procurement, all of which enhanced the risk of failure (see Exhibit 2).

## Exhibit 2: Proposed procurement of Lime Grove House: key findings

Risk assessment	<ul style="list-style-type: none"><li>• No formal risk assessment driving resources for and governance of the project</li></ul>
Business case	<ul style="list-style-type: none"><li>• No business case at the outset</li><li>• Subsequent business case deficient in many areas</li></ul>
Option appraisal	<ul style="list-style-type: none"><li>• No structured option appraisal undertaken</li></ul>
Project management	<ul style="list-style-type: none"><li>• No project management arrangements established at outset</li></ul>
Professional advice	<ul style="list-style-type: none"><li>• internal valuation advice informal</li><li>• No written instructions for some external advice</li></ul>
Governance arrangements	<ul style="list-style-type: none"><li>• No formal arrangements for engaging Ministers</li><li>• No written records of engagement with Ministers</li></ul>

2.23 Whilst I identified improvements in some areas in subsequent major property-related projects, I made a series of recommendations for improvements in all these areas. I will follow up progress in implementing these recommendations in the next year.

### ***Use of management information in the Health and Social Services Department – operating theatres***

2.24 Access to high quality and relevant information facilitates good quality decision-making. The States have ambitious plans for transforming healthcare, including major investment in hospital provision. 10% of the General Hospital's budget is devoted to its operating theatres. My review focused on how the Health and Social Services Department (HSSD) identified relevant management information, ensured its quality and used it to inform both short-term and long-term decision-making.

2.25 I identified weaknesses in the areas reviewed. Further work is needed to ensure that relevant, high quality information about operating theatre utilisation is available and used (see Exhibit 3).

### Exhibit 3: Management information for operating theatres - key findings

Area	Key findings
<b>Identifying management information needs</b>	Limited range of Key Performance Indicators, few of them outcome-focused
<b>Ensuring data quality</b>	Responsibilities for data entry not always met No agreed 'minimum data set' Some key definitions missing Completion of some key data fields not mandatory Inadequate arrangements for promoting and testing data quality
<b>Using management information</b>	Weaknesses in calculating key theatre utilisation ratio Limited dissemination of information on theatre utilisation Full system potential not used High quality information not currently available to inform long term decisions on theatre capacity requirements

2.26 My report was well received by key staff within HSSD. I will follow up progress in implementing my recommendations in 2015.

2.27 Whilst I reviewed the use of management information within one specific area of HSSD, the findings may have wider relevance across HSSD and, indeed, across other States departments.

#### **Corporate governance**

2.28 Corporate governance refers to the arrangements a body puts in place for the proper conduct of its affairs. It is the framework which supports **how** things are done and importantly should reflect the principles of openness, integrity and accountability.

2.29 I undertook two reviews in the year focusing on aspects of corporate governance:

- a review of how the States discharge their responsibilities as the sole shareholder in Jersey Telecom, one of the strategic investments; and
- a review of the governance of the two public sector pension schemes.

### ***The States as shareholder - Jersey Telecom***

- 2.30 Jersey Telecom is wholly owned by the States. The States' interest in Jersey Telecom was valued at £183.5m at 31 December 2013. My review focused on the adequacy of the States' governance arrangements as shareholder.
- 2.31 My work addressed four key questions: my key findings and recommendations are summarised in Exhibit 4 below.

#### **Exhibit 4: The States as shareholder - Jersey Telecom: key findings and recommendations**

<b>Key question</b>	<b>Key findings</b>	<b>Key recommendations</b>
<b>Why own Jersey Telecom?</b>	The business has changed substantially since incorporation in 2003: it is much more diversified and the majority of revenue is now derived outside Jersey	Review now and periodically the reasons for continued ownership of Jersey Telecom
<b>How do the States monitor Jersey Telecom's performance against the objectives of ownership?</b>	The Memorandum of Understanding with Jersey Telecom specifies both financial and non-financial objectives and requires Key Performance Indicators to be set out for each and reported to the States. There are no explicit Key Performance Indicators and in practice the monitoring against non-financial objectives is limited	Adopt Key Performance Indicators linked directly to the reasons for ownership of Jersey Telecom

*Cont'd...*

Key question	Key findings	Key recommendations
<b>How effective is the oversight exercised by the States?</b>	<p>The resources devoted to the shareholder function are limited</p> <p>The Memorandum of Understanding agreed in 2006 governs the provision of information by Jersey Telecom to the States, liaison between Jersey Telecom and the States and areas where the consent of the Treasury and Resources Minister is required. It has not been updated subsequently and there are areas where review and clarification is required</p>	<p>Reconsider the resources devoted to the shareholder function</p> <p>Review and update the Memorandum of Understanding</p>
<b>How is public accountability for Jersey Telecom secured?</b>	<p>The version available to the public of Jersey Telecom's accounts excludes all the notes to the accounts, on the grounds that disclosure of some of the information contained in them might be commercially prejudicial</p>	<p>Require the publication of the accounts of Jersey Telecom excluding only those notes where the States are satisfied that publication would be commercially prejudicial</p>

## ***Pension schemes***

- 2.32 The States operate two pension schemes for States employees with over 15,000 members and assets of approximately £1.7bn. The States and pension scheme members have a common interest in the good governance of these schemes.
- 2.33 My predecessor reported on the governance of the two schemes in 2008. He identified compliance with best practice for the larger of the schemes, the Public Employees Contributory Retirement Scheme (PECRS), but substantial weaknesses in the governance of the smaller scheme, the Jersey Teachers Superannuation Fund (JTSF) that were, at that stage, starting to be addressed.
- 2.34 My review identified substantial progress in addressing the weaknesses in the governance of the JTSF highlighted by my predecessor. It also identified improvements in the governance of PECRS, including as a result of proposed changes to the scheme. However, I also highlighted areas where further improvements could be secured, including:
- more formalised procedures for demonstrating how value for money is secured where advisor contracts are not subject to competitive tendering;
  - measuring the quality of member data against standards set by the UK Pensions Regulator; and
  - undertaking external benchmarking of the costs of administering both schemes.

## **Implementation of previous audit recommendations**

- 2.35 Maximum value from audit work is secured through implementing recommendations accepted by management and ensuring that they have delivered the intended outcomes.
- 2.36 In addition to considering the implementation of my predecessor's recommendations on the governance of pension schemes (discussed above) I reviewed progress on implementing recommendations from eight reports issued between 2008 and 2012. In many cases recommendations have been implemented in full. However, in some further action is required (see Exhibit 5).

**Exhibit 5: Progress in implementation of audit recommendations**

Review	Evaluation	Further action required
<b>Waterfront Development Board (2008)</b>	No further action required	
<b>States owned companies (2008)</b>	No further action required	
<b>Financial management in the States (2009)</b>	No further action required	
<b>Data security (2009)</b>	<p>Chief Information Officer and Data Security Officer posts have been established. Recruitment difficulties have led to delays in implementation</p> <p>Policies for Acceptable Use and Bring Your Own Device have recently been issued and the Email Records Management Policy is being finalised. Training on the new policies is planned for the final quarter of 2014</p> <p>A data map for electronic data has been prepared but has not been extended to non-electronic data</p> <p>Compliance with some policies is monitored but monitoring in other areas has been deferred until policies have been issued</p>	<p>Extend data mapping to include non-electronic information</p> <p>Establish a framework for monitoring compliance with data security policy and procedures</p>

*Cont'd...*

Review	Evaluation	Further action required
<b>Jersey Heritage Trust: financial review (2009)</b>	No further action required	
<b>Public Finances (Jersey) Law 2005 (2010)</b>	No further action required	
<b>The States' management of remuneration for senior posts (2010)</b>	<p>Progress has been made in respect of many of the recommendations made. However:</p> <ul style="list-style-type: none"> <li>further work is required to finalise the headcount information across all departments; and</li> <li>whilst a widespread training and development programme for senior managers has been established, my predecessor's recommendation to consider mentoring for newly recruited senior officers has not been progressed</li> </ul>	<p>Undertake further work to reconcile the headcount information held by Human Resources and Treasury &amp; Resources</p> <p>Consider establishing a mentoring programme for senior managers</p>

*Cont'd...*



Review	Evaluation	Further action required
<p><b>Charitable funds managed by the States (2011)</b></p>	<p>Significant progress has been made. A Charitable Funds Oversight Board has been established and is reviewing 73 funds with a view to reducing the administrative burden</p> <p>A Financial Direction is being prepared covering the acceptance, management and investment of charitable funds. In the interim standard terms are being used for the acceptance of charitable gifts to avoid unnecessary expense</p>	<p>Finalise and issue the Financial Direction for charitable funds.</p>

---

## **Annual Report**

3.1 The purpose of this report is to:

- explain the role and objectives of the JAO;
- outline how the JAO operates;
- highlight what the JAO has achieved;
- summarise the financial, human and other resources used by the JAO, including a comparison to budget; and
- outline plans for the future.

### **What are the JAO's aims and objectives?**

3.2 Those responsible for the provision of public services should be held accountable to those who use and pay for the services provided. Public resources should be safeguarded, properly accounted for and used economically, efficiently and effectively.

3.3 Ministers, chief officers, managers and public officials have the primary responsibility for ensuring that public money is handled with probity and spent appropriately. Public bodies and those responsible for conducting their affairs should demonstrate their accountability by establishing and maintaining proper governance arrangements and effective stewardship of resources at their disposal.

3.4 The special accountabilities that attach to the use of public money mean that public sector audits should be planned and undertaken from a wider perspective than in the private sector. This means providing assurance not only over the financial statements, but also on internal financial control, value for money and corporate governance.

3.5 Public audit is an important link in the chain of accountability, undertaken on behalf of the public and in the public interest. It strengthens accountability both upwards to the States Assembly that provide resources, and outwards to citizens as taxpayers and users of public services. It adds value to society by:

- providing assurance on the governance and stewardship of public money and assets;
- offering insight on the extent to which resources are used wisely in meeting people's needs; and
- identifying and promoting ways by which the provision of public services may be improved.

3.6 The public audit framework currently in force stems from the Public Finances (Jersey) Law 2005 (see Exhibit 6). The principles of that Law are preserved in the Comptroller and Auditor General (Jersey) Law 201- that is currently awaiting Royal Assent.

## Exhibit 6: Public Finances Jersey Law 2005

The Public Finances (Jersey) Law 2005 requires the Comptroller and Auditor General to:

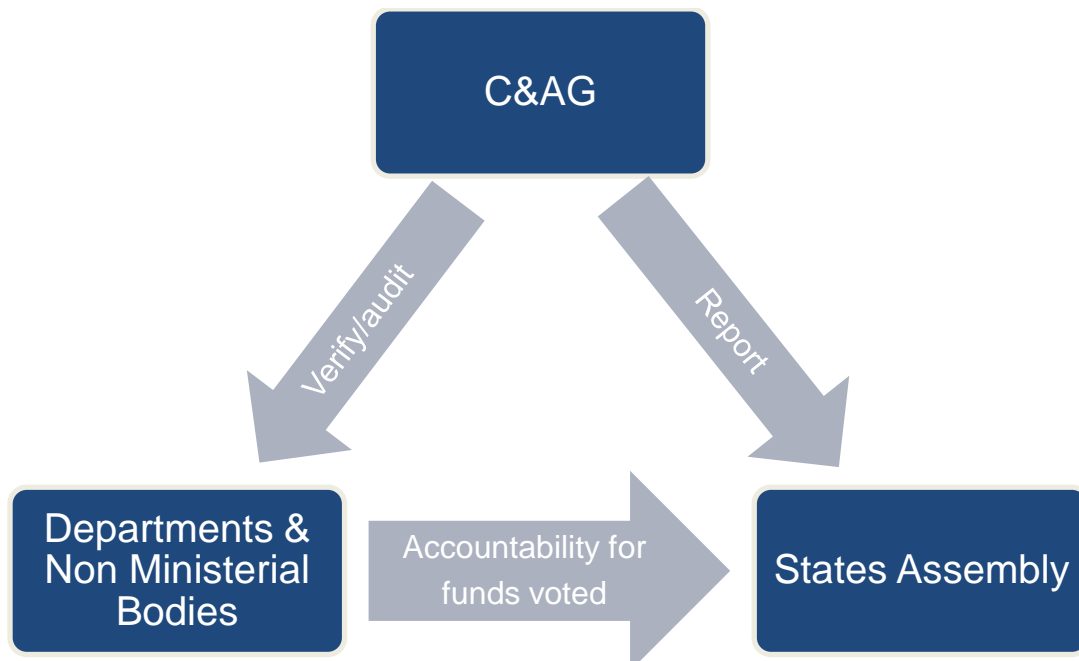
- provide the States with independent assurance that the public finances of Jersey are being regulated, controlled and supervised and accounted for in accordance with the Law;
- ensure that an audit of the annual accounts of the States is undertaken.

The Law gives the Comptroller and Auditor General wide powers to review and report on internal financial control, value for money and governance of States-funded bodies, independently-audited States bodies and States aided independent bodies.

The Law states that the Comptroller and Auditor General is not to be directed by any person in the discharge of their responsibilities.

- 3.7 As C&AG I provide, through the JAO, assurance to the legislature on the application of public funds (see Exhibit 7). In doing so I act independently of the legislature and the executive. I am free to determine the scope of work and the content of reports.

## Exhibit 7: The role of the C&AG



## How does the JAO operate?

3.8 The JAO has established core values by which it operates (see Exhibit 8).

### Exhibit 8: JAO Core Values

**Independence.** Auditors should be independent of those they audit and be seen to be. Subject to statutory and professional responsibilities, they should comply with Ethical Standards issued by the United Kingdom Financial Reporting Council. They should not undertake any work that might impair their independence or might reasonably be perceived to do so.

**Audit work recognises both costs and benefits.** In planning audit work auditors should consider the materiality or significance of the sums involved. In making recommendations they should recognise that there are costs of implementing audit recommendations as well as benefits that might arise.

**Audit is undertaken as efficiently as possible.** The C&AG and audit firms appointed by the C&AG will discuss the timetable for their work and the information they require. They will seek to rely on the work of internal audit where relevant to their responsibilities.

**Auditors report in public, accessibly, without fear or favour.** As audit is an essential element of public accountability, reporting should be publicly available except where there is a compelling case (such as commercial confidentiality) for it not to be. Audit reporting should be accessible and relevant to stakeholders.

**Auditors adopt a constructive and positive approach.** In discharging their statutory and professional responsibilities, auditors should adopt a constructive and positive approach, supporting and encouraging worthwhile change. In undertaking their work and making recommendations they should recognise the particular circumstances of the island.

**Confidentiality and data security are balanced with public accountability.** The C&AG and audit firms appointed by the C&AG should comply with statutory and professional requirements relating to the security, holding and disclosure of information received or accessed in the course of their work.

- 3.9 The ethics and independence of the JAO staff is critical to the office's success:
- a conflicts of interest register is maintained. There were no conflicts reported during the year; and
  - the firm appointed to audit the States' accounts is required to obtain the consent of the C&AG prior to undertaking any non-audit work for the States or entities controlled by the States.
- 3.10 As required by legislation, I attend meetings of the Public Accounts Committee and liaise with it, including in relation to the planned elements of my work programme. However, in determining the areas subject to review and the results of my work, I remain entirely independent.

### **What has the JAO achieved?**

- 3.11 One of the first challenges I faced as C&AG was to review arrangements for public audit in Jersey. This review culminated in my report, *The Future of Public Audit in Jersey*, published in July 2013. The report:
- outlined a vision for a Jersey Audit Office that has subsequently been established with the engagement of a Deputy C&AG, professional assistant and affiliates to support me. To ensure that the team works effectively the JAO has invested in dedicated IT systems and opened a small permanent office in St Helier; and
  - made recommendations for legislative change to ensure that public audit in Jersey complied fully with the principles of the International Organisation of Supreme Audit Institutions (INTOSAI). I am pleased that my recommendations led to the Comptroller and Auditor General (Jersey) Law 201- that was passed by the States Assembly in July 2014 and is awaiting Royal Assent.
- 3.12 In the course of the period covered by this report, the JAO has also:
- published a non-statutory Code of Audit Practice. The Code is an important means by which States Members, Ministers, officers of the States, other stakeholders and the public of Jersey can secure a common understanding of what the C&AG and audit firms appointed by the C&AG will do, what they will not do, how they will operate and how they will interact;
  - developed, following liaison with the Public Accounts Committee (PAC), a three-year Audit Plan covering the period from 2013 to 2016. The plan is subject to review in light of the results of audit

work, information coming to the attention of the JAO and developments within the States;

- received correspondence from members of the public and considered whether additional audit work is appropriate in respect of them. The audit programme has, where appropriate, been adjusted to undertake targeted work;
- delivered a full programme of audit work leading to the publication of seven audit reports to the States Assembly (see Appendix A);
- engaged public audit agencies from the United Kingdom to support the JAO's work, drawing on the expertise of the National Audit Office on information technology and systems and the Audit Commission on performance information;
- been represented at, and contributed to, the meetings of the States' Audit Committee;
- liaised closely with PricewaterhouseCoopers LLP, the auditors of the States' accounts;
- contributed to the wider public audit profession: the Deputy C&AG has addressed a NAO workshop for overseas territories and the annual Audit Conference of the Chartered Institute of Public Finance and Accountancy (CIPFA); and
- worked positively to facilitate improvements in corporate governance within the States. For example I engaged an audit firm to facilitate a workshop on the role of the States' Audit Committee.

### **What resources has the JAO used?**

3.13 As C&AG I am responsible for the duties specified in legislation and for reporting the results of audit work to the States Assembly. I am supported in that role by:

- a Deputy C&AG who acts as a peer for me, undertakes specific pieces of audit work and deputises for me in my absence;
- a professional assistant who supports me in managing the JAO and undertakes specific pieces of audit work;
- affiliates who are engaged to undertake specific pieces of audit work; and
- a communications professional who supports me in publishing reports and liaising with the media.

- 3.14 I along with the Deputy C&AG, most affiliates and the professional assistant hold full professional accountancy qualifications.
- 3.15 The JAO also engages an audit firm to undertake the audit of the States' accounts and other external support as appropriate.
- 3.16 For the year ended 31 December 2013, the JAO incurred expenditure of £640,900, a significant underspend against its approved budget of £1,201,600 (see Exhibit 9). However:
- the detailed budget reflected an office which had operated differently. As the total budget was more than sufficient for planned costs for the year, it was decided that major changes to the calculation and management of the budget would be undertaken once changes to the office had been agreed and implemented;
  - there was an inevitable delay in resuming activity and therefore incurring expenditure after I took up office in February 2013; and
  - the budget included cumulative underspends carried forward from previous years of £450,200 meaning that the underspend against the core budget was only £110,500. I intend to utilise the carried forward underspends:
    - in 2014 to complete the work set out in the 2013/14 audit plan most of which was completed after the financial year end and to commence work on my 2014/15 plan; and
    - in 2014 and 2015 to prepare for legislative changes and to place the JAO on a firm footing for the future.

## Exhibit 9: JAO Expenditure for the year ended 31 December 2013

2012 Actual £	Description	2013 Actual £ (Note 1)	2013 Actual £ (Note 1)	2013 Budget	Variance £	Variance %	Note
<b>54,900</b>	<b>Staff costs: C&amp;AG</b>		<b>68,100</b>	<b>60,000</b>	<b>-8,100</b>	<b>-14</b>	<b>2</b>
	States employees & Deputy C&AG	40,600					
	Affiliates	36,600					
	Communication & administrative support	36,300					
<b>37,700</b>	<b>Other "staff" costs</b>		<b>113,500</b>	<b>607,100</b>	<b>493,600</b>	<b>81</b>	<b>3</b>
	States of Jersey external audit	410,000					
	Communications	17,300					
	C&AG travel & expenses	8,500					
	Other travel & expenses	7,200					
	Recruitment - C&AG	4,500					
<b>431,700</b>	<b>Non-staff costs: general</b>		<b>447,500</b>	<b>508,100</b>	<b>60,600</b>	<b>12</b>	<b>4</b>
	Storage	5,300					
	Printing and stationery	100					
	Premises and maintenance	6,400					
<b>34,800</b>	<b>Non-staff costs: office</b>		<b>11,800</b>	<b>26,400</b>	<b>14,600</b>	<b>55</b>	<b>5</b>
<b>559,100</b>	<b>Total</b>		<b>640,900</b>	<b>1,201,600</b>	<b>560,700</b>	<b>47</b>	

**Note 1** Figures are rounded to the nearest £100

**Note 2** For 2012, costs reflect the office holder in post for only six months. For 2013, the costs relate to 11 months. The 2013 budget did not allow for the full contractual duties of the new office holder for the year

**Note 3** The high underspend reflects the carry forward allocated to this element of the budget and the timing of engagement of JAO staff

**Note 4** The underspend reflects the carry forward allocated to this element of the budget, the timing of the establishment of the Jersey Audit Office and savings secured on travel and subsistence

**Note 5** The underspend reflects savings on storage after an external contractor ceased to be used after May 2013 and that the JAO office was only operational from September 2013



## What are the JAO's priorities?

3.17 In addition to delivering a full work programme to respond to the significant risks faced by the States which will be published on our website in September 2014, the JAO has specific priorities for the next 12 months (see Exhibit 10).

### Exhibit 10: Priorities for the JAO

Area	Actions
<b>Preparing for the Comptroller and Auditor General (Jersey) Law 201-</b>	Providing input as requested in specifying the role and composition of the Board for the C&AG Appointment of auditors for States bodies where the responsibility for appointment transfers to the C&AG Ensuring that the budget for the future reflects the new legislative responsibilities and arrangements Rewriting the Code of Audit Practice to reflect new legislation
<b>Retendering of the contract for the audit of the States' accounts</b>	Developing a procurement plan Undertaking a procurement exercise
<b>Enhancing internal working procedures</b>	Drawing together internal working procedures in a comprehensive operating manual

## Appendix A: Reports issued by the JAO

Title	Date of issue
<b>Major property transactions</b>	25 September 2013
<b>Internal audit</b>	21 March 2014
<b>Procurement</b>	27 March 2014
<b>States pension schemes</b>	19 June 2014
<b>Management information for operating theatres</b>	10 July 2014
<b>Jersey Telecom: the States as a shareholder</b>	24 July 2014
<b>Financial Directions</b>	21 August 2014



JERSEY AUDIT OFFICE

KAREN McCONNELL  
COMPTROLLER & AUDITOR GENERAL

LINCOLN CHAMBERS (1ST FLOOR), 31 BROAD STREET, ST HELIER, JE2 3RR  
T: + 44 1534 716800 E: [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je) W: [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je)