



COMPTROLLER &
AUDITOR GENERAL

**ANNUAL REPORT
OF THE COMPTROLLER & AUDITOR GENERAL
FOR 2006**

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FOREWORD

1. This is my first annual report as Comptroller & Auditor General of the States of Jersey: a position created by the Public Finances (Jersey) Law, 2005.
2. In this report I describe the work that was done by my Office during 2006 and the reports which were published as a result. I also describe the facilities which my Office provides for whistle-blowers who wish to raise with me concerns about the activities of the States of Jersey.
3. Quite apart from these activities, I am also responsible for the organisation of the annual audit of the financial statements of the States of Jersey and of various funds created and managed by the States. During 2006, I invited tenders for the appointment of external auditors and, as I reported to the States, appointed PricewaterhouseCoopers to serve for a period of five years with effect from the audit of the States' accounts for the year ended 31 December 2006
4. To enable me to discharge my responsibilities, I am provided with resources by the States of Jersey. My Office is intentionally small so that work is often undertaken through the services of sub-contractors. A statement of account showing the resources provided to me and the way in which they were applied is set out at the end of this report. This account was audited by Alex Picot, Chartered Accountants, and a copy of their report is reproduced with the statement of account.
5. In my work, I have been assisted by many people in providing information, advising me on issues that should be examined, or providing me with various forms of support. I am grateful to all of them.

C Swinson
Comptroller & Auditor General
Morier House, Halkett Place, St Helier

HELPING THE ISLAND SPEND WISELY

6. The Comptroller & Auditor General (C&AG), Chris Swinson OBE, examines how public bodies spend money, and looks at how best they can achieve value for money by managing their finances to the highest standards.
7. The Office was established by the States of Jersey under the Public Finances (Jersey) Law 2005 but the Office remains independent of Government.
8. As well as focussing on value for money, organisational accountability and importance of service performance, through the work of the Office, the C&AG aims to promote greater understanding between both the general public and public bodies themselves, of what is expected in terms of 'services' to the public.
9. In each of the reports published, the C&AG makes recommendations to bring about improvement, where improvement is needed, in those bodies or functions examined in respect of:
 - (1) internal financial controls;
 - (2) economical, effective and efficient use of resources, and
 - (3) corporate governance arrangements.

Core values

10. The core values of the Comptroller & Auditor General and key principles that guide the work of the Office are:

Independence: the Office will protect its independence, basing conclusions on robust evidence and publishing its findings.

Balance: the Office will be mindful of the need to achieve a balance between encouraging an improvement from the perspective of users and protecting the interests of taxpayers.

Equality and diversity: the Office will emphasise the duty of public bodies to promote equality and to respond to the diverse needs of sections of the community.

Openness: the Office will encourage public bodies to be open in the conduct of their business and to publish annual and other reports which demonstrate their accountability

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Consultation: the Office will consult as widely as possible on its programmes and activities.

‘Sauce for the gander’: the Office will strive to apply to itself the disciplines it expects other public bodies to apply.

REPORTS ISSUED IN 2006

Sickness Absence Levels

11. During 2004, the Shadow Public Accounts Committee (SPAC) carried out a review into the level of sickness absence recorded by the States, the means by which absence levels were recorded and factors which might affect sickness absence levels. A report on the outcome of this review was published by the SPAC in December 2004. The report included an 'action plan' of steps which had been produced by the States Human Resources Department aimed in large part at improving the systems by which sickness absence was recorded.
12. The SPAC's interest in sickness absence levels within the States arose partly from an understandable interest in the effectiveness of the States' management of its resources. The cost of employing staff is, after all, one of the largest costs incurred by the States.
13. There are other reasons for being interested in sickness absence levels. All of the services provided by the States are based in some way upon the work of the States' staff. Naturally, the quality of those services will be affected by the morale and commitment of the States' employees. Sickness absence levels are also interesting because they can be a symptom of the morale of the people who are employed by the States. Variations in sickness absence levels may be symptomatic of changes in the degree of stress, tension and alienation being experienced by staff.
14. At the end of February 2006, the States published a report on sickness absence levels recorded during the year ended June 2005. This report referred to the SPAC's report published in December 2004 and asserted that sickness levels had continued to improve.
15. With the encouragement of the Public Accounts Committee I carried out a limited review of the States' report. My review consisted of two enquiries:
 - (1) An enquiry of the Health and Social Services Department concerning the management action which had been taken to achieve this significant improvement in sickness absence reported in the States' report. I made this enquiry because the Health and Social services Department has a large number of employees and consequently has a significant effect upon the absence levels recorded by the States generally. It was evident from the report issued by the States that a significant

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Department had a significant effect upon the overall improvement that was reported.

- (2) An enquiry of the new Corporate Director of Human Resources concerning the Department's implementation of the steps in the agreed action plans set out in the SPAC's report published in December 2004.

16. The results of my review were published on 16 May 2006.

17. The Health and Social Services Department was not able to point to any management initiatives which might have led to the reported improvement in sickness absence levels. The Department agreed to review the calculations that had led to the figures reported in the States' report. The outcome of this work was that the level of sickness absence included in the initial report was shown to be incorrect. The correct figure for Health and Social Services Department should have shown a smaller improvement in the Department's experience of sickness absence.

18. The reason for the error was that the Department collects information on sickness absence manually and had not received returns from all its sections before returns had to be made to the Human Resources Department. When the correct number is inserted in the calculation of the States' overall experience the calculation shows a slight deterioration in overall performance rather than the slight improvement claimed in the States' original report.

19. The response provided by the new Director of Human Resources to my enquiry about the implementation of the action plan suggests that many of the action steps which appeared to have been agreed for inclusion in the action plan had not been implemented by 30 June 2005. Moreover, they had not yet been implemented.

20. Many of the action steps included in the action plan involved the implementation of a computer system referred to as 'one click'. The decision has now been made to replace this system which was not used in a single form throughout the States, and to introduce a new system: Human Resource Information System (HRIS). This process will take some time not least to ensure that there is time to design and make the necessary changes to departmental procedures surrounding HRIS.

21. This limited review suggests that:

- (1) The report published in February 2006 contained information which was not

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- (2) This appears to result from inconsistencies within the States' current systems and appears to have been the case for some time.
 - (3) This is a matter of significant current concern to the new Director of Human Resources who is taking steps to implement new systems with a view to improving their effectiveness.
 - (4) In view of the unreliability of the underlying information, it is difficult to assess the value of the sickness absence level report as a guide to the effectiveness of Human Resource management within the States.
 - (5) The action plan contained in the SPAC's December 2004 report was proposed by the Human Resources Department itself but envisaged actions that were not entirely within the control of the Department. At the time, human resources staff were not directly controlled by the central Human Resources Department but were managed within each individual service department.
22. There is no doubt that human resource management within the States in part depends upon the availability of relevant and reliable management information. The new Chief Officer understands this and is working to improve the position by replacing the present systems. These new systems will supersede the proposals contained in SPAC's December 2004 report with the effect that there is little point in now pursuing that plan.

Jersey Child Care Trust

23. The review of Jersey Child Care Trust was undertaken at the invitation of the Trustees. The purpose of the review was:

' . . . to consider the activities and organisation of the Trust with a view to considering whether they represent the most cost effective means of achieving the purpose for which the Trust was created.'

24. The report (issued in September 2006) consists of the following principal sections:

- (1) a review of the development of policy for childcare, the Trust's history and of its financial position;
- (2) a review of the Trust's current activities; and
- (3) an analysis of the information gathered by the review and its implications.

Background

25. The Jersey Child Care Trust grew out of the recommendations of a working party on child care which reported in September 1996. This working party had been established in response to the following reference in the States' strategic policy review 1995 – 2000:

'... the employment and Social Security Committee should be requested...to join with the Education Health and Social Services Committees in considering what steps can be taken to improve the availability and affordability of child care arrangements, particularly for those with low incomes either seeking or in employment...'

26. The working party came to the view that there were unlikely to be sufficient resources for the States to provide all child care facilities and support, that there would always be a need for a variety of provision to meet people's differing needs and that a focal point was needed to stimulate and facilitate new developments and co-ordinate action overall as well as attract more funding. Consequently, the States established a Child Care Trust whose purpose was:

' . . . to co-ordinate, promote and facilitate child care provision in the Island and . . . supported by funds from the States to encourage the expansion of child care . . .'

27. The States provided an initial grant to assist with the creation of the Trust and, indeed, throughout the Trust's life the States has been the principal source of funds for the Trust. From the beginning, however, it was expected that the Trust would also seek funds from non-States

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28. The Trust adopted a five year strategy in 2002 which had five objectives:

- (1) increase the number of high quality child care places;
- (2) create a trained, motivated and well supported child care workforce;
- (3) ensure every working / studying parent can afford a high quality child care place;
- (4) create a child friendly Island environment; and
- (5) support parents and carers in this role.

29. These five objectives were recognised in a proposition of the Education Committee which was adopted by the States in October 2001. After two years of operating under this plan the Department of Education, Sport and Culture commissioned a review of child care arrangements within the Island including the operations of the Trust (the Spratt report). This review questioned the objectives which had been adopted in the Trust's five year strategy in the following terms:

- (1) Whilst there is a clear strategy for Early Years Education in Jersey, there is no overall States strategy for integrated early education and childcare.
- (2) The Jersey Child Care Trust at the mid term of its five years strategy has become too broad and is no longer focused on its original objectives.
- (3) The Jersey Child Care Trust is perceived as being effective in some areas of its work but lack of transparency and consultation has resulted in the duplication of roles and responsibilities.
- (4) A perceived lack of investment in early education and childcare services has resulted in criticisms of current policy.

30. Partly as a response to this review, a long term policy statement was presented to the States on 5 July 2005 by the Education, Sport and Culture Committee. The policy statement envisaged that:

'The Jersey Child Care Trust would have a significant role to play in [the partnership between public and private sectors]. It would continue 'to co-ordinate, promote and facilitate the expansion of high quality and affordable childcare provision in the Island' (per the Trust's constitution) providing information to parents and professionals, supporting training and passporting small grants to providers. It would become a more powerful champion for quality and take a lead role engaging parents in that process. Furthermore it

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family friendly workplaces which recognise the value, to the family and employer, of flexible working practices.'

31. Whilst the policy Statement was presented to the States Assembly in 2005 no proposition was produced for the States to debate. In effect, consideration of the policy was left until after the introduction of Ministerial Government. In the Strategic Plan published by the Council of Ministers there is recognition of the importance of all forms of investment in the Island's children as a necessary investment in the Island's future, but there remains doubt over the means by which the investment envisaged by the Vision Statement can be financed.
32. At the beginning of 2006, the Minister for Education, Sport and Culture announced that he was expanding a planned review of child care for children aged three to five to include provision from birth.
33. The Trustees have endeavoured to focus the Jersey Child Care Trust's activities on its original purposes as envisaged by both the review report and the 2005 Vision Statement. An attempt has also been made to develop targets for the Trust that are relevant, transparent and measurable. Apart from focussing the Trust's activities, this process has included formal changes to the Trust's objects as set out in its constitution (in accordance with the recommendations of the Spratt report) and the negotiation of a Partnership Agreement with the Department which was signed on 5 May 2006.
34. My report provides an analysis of the recent performance of the Trust and finds that the Trust may be suffering from conflicts between its various objectives.
35. It is not seen to be independent of the States because it receives the majority of its funding from the States and this undermines its ability to campaign or lobby for improvements.
36. Where it is a conduit through which States funds are distributed to the sector, the Trust acts as an agent of the States but grant distribution is only a small part of its current activities. It could have been created as an Executive Agency responsible for providing child care services and for ensuring more generally the provision of adequate child care services within the States but it is not a fully fledged Agency as the States has not transferred to it all of the Department's activities relating to child care.
37. The apparent conflicts between the objectives may have impacted upon the Trust's performance and contributed to its failure to meet the expectations of some parts of the

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community of people interested in child care. There is also a difficult relationship because the States is a significant provider of nursery school places and it is in competition with the private sector providers.

Recommendations and observations:

38. The report states that recommendations would be inappropriate before such time as the States' long term policy with regard to child care has been settled. However, the report proposes three possible models for the Trust a choice of which would clarify its role and remove the conflicts between its various objectives. The report makes the following observations:

- (1) The Department's policy on child care should clarify the States' view of the purpose of the Jersey Child Care Trust.
- (2) The view should be based on a transparent choice between the available models for the Trust.
- (3) The States should seek to eliminate any conflicts between the various detailed purposes of the Trust.
- (4) Once the States' view has been settled, the Department and the Trustees should agree the implications of this for the future of the Trust.

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2006 Battle of Flowers

39. The Report (dated October 2006) is of an investigation into the circumstances surrounding the 2006 Battle of Flowers and of governance arrangements within the Jersey Battle of Flowers Association (the Association).

40. The Battle of Flowers parade is produced and managed by the Association whose principal purpose is:

'To promote the Island of Jersey by holding an annual event to be known as the Jersey Battle of Flowers'.

41. This objective reflects the intentions of the collaboration between interested volunteers and the Tourism Committee of the States Assembly which led to the re-commencement of the parade in 1952. For many, the 2006 Battle was a success with remarkable floats and a carnival atmosphere better than before. These achievements are the result of committed work by the volunteers who build the floats and of the members of the Association's Council (the Council) who plan and manage the parade itself.

42. However, it was decided that a celebrity should be invited in 2006 in the hope of attracting a larger audience but the invited celebrities were not felt to be appropriate to the true character of the parade. Also, an attempt was made to sell corporate hospitality tickets and thus increase income, but this led to embarrassment as many tickets were not sold, the stand and marquee were half empty and it is likely that a serious loss was incurred. These led to concerns over the way in which Battle is managed and hence a request for me to review the arrangements.

43. My report attributes the disappointments to a number of factors:

- (1) For some tasks the Association relied inappropriately upon people who did not have the necessary skills and experience.
- (2) The Council and its Officers continued to rely upon individuals even when there was evidence that their reliance may have been misplaced.
- (3) Weaknesses in the Association's corporate governance practices and its internal financial controls magnified the effects of these misjudgements.
- (4) These weaknesses were in turn exacerbated by personal animosity between some members of the Council.

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- (5) The Minister for Economic Development failed to ensure that the terms on which he offered further grants had been discussed with the Department's officials and were then properly recorded, defined and, most importantly, applied. In addition, the Department did not make good this failure to record and define the terms of the Minister's offers. This contributed to the Council's understanding that by accepting the grants it was obliged to take certain initiatives.

44. The report recommends changes to the structure and management of the Association which would limit the risk of a recurrence of this year's problems and thus of further detraction from the achievements of the many volunteers who contribute to the event:

- (1) As soon as possible, the business of organising and managing the parade should be transferred to The Jersey Battle of Flowers Limited: the company owned by the Association.
- (2) The Board of the limited company should be small and consist of people with the skills necessary to manage the parade's business affairs.
- (3) The Chairman of the limited company should be responsible for ensuring that the board's membership includes all of the skills necessary for effective management.
- (4) The Chairman of the Association should be responsible for ensuring that the key offices of the Association are filled and that necessary skills are represented on the Council.
- (5) Wherever possible, the Battle of Flowers organisation (whether in the form of the Association or the limited company) should use sub-contracted services.
- (6) In principle, the States should not make further grants available to the Association until the Association has implemented reforms intended to achieve the recommendations set out in this report.
- (7) The normal arrangements concerning offering and making grants should apply to Ministers as well as departmental officials.

Relationship between the Association and the States

45. For many years the States has provided grant assistance to the Association to assist in the Association's principal objective of promoting Jersey. These grants have taken the form of a lump sum paid to the association which in some years has been augmented by a further sum to

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available to the Association to fund the acquisition of its premises in St Peter and, more recently, a further grant to assist with the purchase of crowd barriers and portable toilets.

46. The relationship between the Association and the States has been governed in each year by an agreement which latterly has been called a partnership agreement. The principal provisions of this agreement apart from the amount of the grant (for some years at £95,000) are as follows:

- (1) The Association will ensure that robust corporate governance principles have been agreed and are in place.
- (2) The Association will produce annual audited accounts and an annual business plan.
- (3) The grant and all related expenditure incurred by the Association must be clearly identified in the Association's accounts.
- (4) 'Jersey Tourism' must be recognised as a sponsor in all press releases, media broadcasts and public addresses.
- (5) The Association will produce an annual progress report and financial forecast.
- (6) The Association will participate in the Department's performance monitoring surveys.
- (7) If that the grant is used for purposes other than work relating to the approved business plan, the Department may demand that the grant be refunded either in full or in part.

47. The Department agreed to make additional funds available to the Association for the 2006 Battle but the conditions for these were not specified in a partnership agreement such as that which applied to the 'basic' grant of £95,000.

48. The practice of offering grants orally subject to certain conditions, failing to record those conditions properly and then making cash payments even if the conditions are not met can only serve to encourage recipients to ignore any conditions attaching to grants from States departments. The partnership agreement requires that: 'The Association will ensure that robust corporate governance principles have been agreed and are in place.' From the analysis set out in the report it is evident that the Association failed to meet this obligation and the result was that the Association was provided with funds that it proved unable to spend wisely.

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Report on 2007 Property Plan

49. The report (November 2006) sets out the results of a review of the States 2007 Property Plan that, in differing forms, was included in the States Strategic Plan as an Appendix and in the 2007 Business Plan. The review consisted of examination of relevant documents and files and discussions with officials.
50. The Property Plan and Business Plan set out States' expenditure plans for the period 2007 – 2011, and incorporate the benefits of a number of savings from overall expenditure on property and the proceeds of a number of property disposals.
51. The current programme to make savings (which ends in 2008) was intended to achieve annual savings of £20 million, comprising partly of savings through greater efficiency (£15m) and partly by sales of property (£5m). The business plan envisages that these savings will be achieved by 2008 although the £20m will be attained via efficiency savings of £16m and sales of £4m.

Observations from the review

52. The report observes that:
- (1) The plan was prepared in a sensible and appropriate manner.
 - (2) The property disposal targets are not challenging and do not offer a prospect of achieving the ambitions in the property proposals put to the States in 2005 (Proposition 93/2005).
 - (3) This was the first year of the existence of States of Jersey Property Holdings Department, and the lack of challenge which normally would be unsatisfactory may well be wise.
 - (3) One of the reasons for creating States of Jersey Property Holdings was to increase the efficiency of the States' usage of property (and of office accommodation in particular). Greater efficiency will offer not just the prospect of further disposal proceeds but also of lower revenue expenditure. The next property plan should demonstrate the steps which will be taken to achieve the expected levels of efficiency.
 - (4) It would be helpful for the Council of Ministers to review the plans for improving

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53. The Proposition P93/2005 lodged on 3 May 2005 proposed the establishment of 'States of Jersey Property Holdings'. It envisaged that the Property Holdings would co-ordinate with other departments (via the Corporate Management Board) to define property requirements for a 5 year period, and to identify and quantify potential surplus accommodation and determine proposals for rationalisation. There was evidence that office space occupied per workstation was higher than in the UK and could be potentially reduced by 54,000 square feet, saving in excess of £1.0m per annum. The vision was to bring under-utilised properties into use or to free them up to be disposed of or leased to third parties. However, it would be necessary to retain sufficient land and property to meet future needs.
54. The overall strategy would be translated into an annual business plan submitted for approval by the States. The approval of the States of Jersey Property Holdings Business Plan by the States would authorise Property Holdings to develop, sell, buy or otherwise manage the property or interests in property identified within the Business Plan.
55. The proposition was approved by the States Assembly on 7 June 2005. On 19 September 2005 the new Director of the Property Holdings Department took up post and was subsequently joined by two other States' officers. Following consultation with Chief Officers regarding their property needs and the identification of potentially surplus accommodation, a draft plan was developed by 20 February 2006.
56. All of the properties identified for disposal were taken from the department's own lists of those surplus to their requirements and were only included if their disposal seemed fairly straightforward. Consequently, the published list does not include all potential disposals, and formal valuations were not obtained at the time (it is based on internal estimates of value).
57. The list of planned disposals therefore lists those properties that had already been identified some time ago as surplus to requirements. It does not include those more recently identified or any where there may be further work needed before they could be disposed of or where there could be problems relating to title or planning issues. The property disposals plan is therefore not very challenging, but given the tight timescale for producing this in 2006 a cautious approach has been deemed appropriate. The report identifies the reasons for erring on the side of caution:

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- (1) The States does not have a history of disposing of properties which may prove to be problematic, so it is not unreasonable to allow time for the process to become established;
- (2) Undue pressure to dispose of properties may well undermine Property Holdings' ability to realise their full value;
- (3) The States 2007 Business Plan suggest that some difficulty is experienced in holding revenue expenditure within planned levels so that when planning it is wise to be conservative in forecasting future income;
- (4) The States' 2007 Business Plan for future capital expenditure suggests that expenditure will be held within existing levels. If this were to prove impracticable, further sources of funding would need to be found.

58. The original proposition for the creation of the Property Holdings Department envisaged that the department would seek to improve efficiency of the States' utilisation of property. As the 2007 Business Plan targets could be achieved by merely disposing of properties already identified there has been no pressure to identify further space saving efficiencies. Work is in hand on this, but the next property plan should demonstrate the steps that are being taken to achieve the expected levels of efficiency.

59. My report concludes that it would be helpful for the Council of Ministers to review the plans for improving the efficient use of property and of office space in particular.

Plan for 2007

60. In September 2006 I issued a Consultation Paper on my Programme of work for 2007. It was published to seek the views of interested parties on the main priorities which should guide the Office's work and as a demonstration of my commitment to open and transparent government. The context within which public services are delivered is changing rapidly. Political, economic and social pressures together are focussing a spotlight on the contribution that services make to sustaining a civilised, stable and fair society.

61. A period when the Island has been able to invest relatively freely in public services has come to an end. Downward pressure of public spending comes at a time when the proportion of the population of working age is decreasing. Public services will be expected to deliver more efficient, user-focussed, sustainable services with greater transparency and accountability.

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62. In short, these pressures and challenges will lead to:
- (1) A concentration on policies that will tend to restrain the demand for public services (e.g. an increasing interest in policies that will tend to improve health and thus restrain demand for health services).
 - (2) Demands for services that are tailored around users' individual needs, with a particular focus on those who are most deprived or socially excluded and on giving users more information and choice to help raise standards.
 - (3) Partnership working so that resources can be pooled and efforts co-ordinated to deliver efficient services.
 - (4) A need for substantial efficiency gains in the delivery of public services.
63. As well as continuing to focus on value for money, organisational accountability and the importance of service performance, public bodies will have to think more broadly. There will be pressure to achieve better performance against the public's expectations (rather than the bodies' private version of what the public expects).
64. Public bodies will need to be sure that they understand what the public expects of them and their services and to demonstrate that they have understood. This is likely to require public bodies to be innovative by working in partnerships across traditional boundaries to ensure that the public receives joined-up services that respond to personal needs and community aspirations. This will challenge traditional assumptions that public services should be provided by public bodies and to lead to a choice between public, private and not-for-profit providers.
65. The process of challenge is especially difficult in a period in which public expenditure is expected to fall. Public bodies have tended to be risk averse and thus slow to change. Reductions in expenditure coupled with the challenge to meet increased expectations will increase the risk that bodies will fail. Yet senior management must not allow this increased risk to deter them from seeking to face and surmount the challenges that confront them.
66. Undue review, inspection and regulation can reinforce the tendency for public bodies to be risk averse and thus can discourage rather than encouraging beneficial change. For example, the imposition of an over-complicated system of targets can sap management's willingness to innovate by encouraging a slavish commitment to reporting that detailed targets have been met. It can also lead to dysfunctional behaviour as achievement of targets becomes more important than sensible management.

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67. The challenge that confronts me, as C&AG, is therefore to ensure that public bodies are held accountable for their all-round performance in a way that encourages beneficial innovation and the sensible risk management on which innovation must be based.
68. For 2007, I have adopted the following five strategic objectives:
- (1) To raise standards of financial management and financial reporting within the States sector.
 - (2) To challenge all public bodies to deliver better value for money.
 - (3) To encourage continual improvement in public services so that they meet the changing needs of diverse communities and provide fair access to all.
 - (4) To promote high standards of governance and accountability.
 - (5) To stimulate improvement in the quality of data and the use of information by decision makers.

WHISTLE-BLOWING

Role of the Comptroller & Auditor General

69. The Comptroller & Auditor General and his appointed auditors do not need to investigate every disclosure they receive. Indeed, they can only investigate these disclosures on the basis of their legal powers. The C&AG bases his decision about whether or not to investigate on whether it would be an effective use of resources in protecting the public interest.

Raising a concern

70. It is good practice for employers to have their own internal whistle-blowing procedures, which should explain how you can raise any concerns. If your employer does have such procedures, you should follow them first.

71. However, if you cannot raise your concerns within your workplace, it may be appropriate for you to raise your concerns with the C&AG, especially if you are concerned about matters for which the C&AG or his appointed auditors are responsible.

72. The C&AG and his appointed auditors have no power to discipline any individuals, or to bring criminal prosecutions after completing his investigations. Disciplinary action can only be taken by the management of the organisation concerned, or any relevant professional organisations. Allegations of criminal behaviour are referred to the police and, in the end, can only be decided by the courts.

What to do next

73. Always remember that, as a whistle-blower, you are acting as a witness and not just making a complaint. You have to have reasonable suspicion but not actual evidence to support your concerns.

74. To register a concern with the Comptroller & Auditor General, please visit the website: www.auditorgeneral-jersey.org

COMPLAINTS PROCEDURE

75. The work of the Office of the Comptroller & Auditor General should be carried out to the highest professional standards. If you are dissatisfied with any aspect of our work, we would be happy to hear from you, in order to improve the quality of our service. Any serious complaint will be fully investigated and we will revert to you as soon as possible thereafter.
76. The Office of the Comptroller & Auditor General is located in the Capital of Jersey, St Helier, at Morier House in Halkett Street. Alternatively, you can make contact via the website: www.auditorgeneral-jersey.org

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STATEMENT OF ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

AMOUNT VOTED BY THE STATES		633,328
EXPENDITURE		
Staff salaries	66,425	
Staff re-location costs	2,630	
Travel and accommodation costs	26,652	
Office rent and services	31,066	
Printing	8,756	
Communications	5,163	
Sub-contractors	55,088	
Equipment purchase	8,165	
Miscellaneous expenses	2,646	
	<u>206,591</u>	
Provision for the cost of the States of Jersey audit	<u>250,000</u>	456,591
AMOUNT NOT SPENT AND RETURNED TO THE STATES		<u>£176,737</u>



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5 June 2007

Mr C Swinson
Comptroller and Auditor General
Morier House
Halkett Place
St Helier
JE1 1DD

Dear Mr Swinson,

Results of our examination

We are writing to you to report the results of our work on the financial information you have provided us with, concerning the expenditure of the office of the Comptroller and Auditor General for the year ended 31st December 2006.

Under the terms of our engagement you have agreed to provide us with all your accounting records and all other relevant records and related information in support of the amounts and descriptions of expenditure by the office of the Comptroller and Auditor General for the year ended 31st December 2006.

Our work included examination, on a test basis, of evidence supporting the amounts in the financial information provided by you.

Following our work on the financial information you have supplied us with, in our opinion:

- (a) the classifications of the expenditure of the office of the Comptroller and Auditor General for the year ended 31st December 2006 per your financial information are in agreement with underlying records;
- (b) the expenditure of the office of the Comptroller and Auditor General for the year ended 31st December 2006 is in agreement with the supporting information we have been provided with;
- (c) the total amount of expenditure of the office of the Comptroller and Auditor General for the year ended 31st December 2006 as stated in the States of Jersey Financial Statements, a copy of which you have provided us with, is the amount of £456,591 which is in agreement with the financial information as provided to us.

We have not been instructed to carry out an audit of the financial information provided. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial information other than the opinions expressed above.



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Comptroller and Auditor General

Our report is made solely to you. Our work has been undertaken so that we might state to you those matters we are required to state to you in a report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than yourself, for our work, for our report, or for the opinions we have formed.

Yours sincerely

ALEX PICOT