



COMPTROLLER &
AUDITOR GENERAL

INVITATION TO COMMENT

THE COMPTROLLER & AUDITOR GENERAL'S
PROGRAMME FOR 2007

SEPTEMBER 2006

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Introduction

1. This paper sets out a proposed programme for 2007 for the Office of the Comptroller & Auditor General(C&AG). It is published to seek the views of interested parties on the main priorities which should guide the Office's work and as a demonstration of the C&AG's commitment to open and transparent government.

Challenges for public services

2. 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.
3. It is unlikely that a 'one size fits all' approach will meet people's expectations. An older, better educated, more consumerist population will demand a wider range of bespoke services delivered in more user-friendly ways. In a more diverse society, these services must be provided with due regard for equality and human rights.
4. Advances in technology may appear to offer a way of meeting these aspirations. But as technology develops, so it can lead to higher expectations of public services. Technological advance can move targets just as it appears to offer the means of achieving targets.
5. 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.
6. In short, these pressures and challenges will lead to:
 - (1) a concentration on policies that will tend to restrain the demand for public services (eg 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.
7. 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).
8. 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.
9. 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.

The role of the C&AG

10. 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 sensible management.

11. The challenge that confronts the 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 which on which innovation must be based.
12. Independent audit has a vital role to play in the reform agenda. It should provide assurance to taxpayers that money is being well spent and properly accounted for. It should ensure that there is transparency so that organisations responsible for public money are held to account for the decisions they take. Auditors must be capable of reaching judgements that reflect, support and encourage a variety of forms of partnership working. The over-riding objective must be to encourage the improvement of public services to meet the public's diverse need and to provide better value for public money.

Principles

13. A number of principles will guide the C&AG's work:
 - (1) *Independence*: the C&AG's office will protect its independence, basin conclusions on robust evidence and publishing its findings.
 - (2) *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.
 - (3) *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.
 - (4) *Engagement*: the office will seek to promote strong engagement between public bodies and the community.
 - (5) *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 to stakeholders both for financial performance and performance.
 - (6) *Consultation*: the office will consult as widely as possible on its programmes and activities.
 - (7) *Sauce for the gander*: the office will strive to apply to itself the disciplines it expects other public bodies to apply.

Objectives

14. The office's first year of operation has been devoted to the encouragement of sensible financial disciplines within the States, incorporating reviews of:
 - (1) The introduction of Accounting Officers.
 - (2) The operation the States' internal audit division.
 - (3) The introduction of the disciplines of risk management within the States.
 - (4) The appointment of a firm of auditors to provide external auditing services in respect of the States' annual accounts.
 - (5) The analysis of the changes in accounting practice which will be necessary to ensure that the States' annual accounts comply with generally accepted accounting practice.

15. In addition, the office has undertaken reviews of:
 - (1) Jersey Child Care Trust.
 - (2) Jersey Financial Services Commission.
 - (3) Reporting of sickness absence levels by the States.
 - (4) 2006 Battle of Flowers.

16. Reports on these reviews have been or will be submitted to the Public Accounts Committee of the States and, where appropriate, have been or will be published.

17. In the remaining part of 2006, it is intended to commence a review of IT procurement.

18. For 2007, the C&AG proposes to adopt 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 for all.
- (4) to promote high standards of governance and accountability.
- (5) to stimulate significant improvement in the quality of data and the use of information by decision makers.

19. The activities which it is proposed to undertake to achieve these objectives are set out below.

Objective 1: Financial management and reporting

20. The proposed activities will include:

- (1) the audit of the annual financial statements of the States.
- (2) a review of the state of financial management within the States.
- (3) a review of any performance reports published by the States.
- (4) the audit of the financial statements of other funds for whose audit the C&AG is responsible.
- (5) a review of arrangements for the management of 'special funds'.

Objective 2: Value for money

21. The proposed activities will include:

- (1) reviews of any major asset disposals by the States.
- (2) a review of the new arrangements introduced during 2006 for public access to information about the services provided by the States.
- (3) a review of IT procurement practices (to be commenced in 2006).

Objective 3: Continual improvement

22. The proposed activities will include:

- (1) a review of benefit fraud management arrangements.
- (2) reviews of management of value for money in States departments.

Objective 4: Governance and accountability

23. The proposed activities will include:

- (1) a review of governance arrangements within one trading fund and one State-funded body.
- (2) reviews of at least two States departments. These will be intended to cover a department's capability and fitness in terms of setting policy and delivering performance.

Objective 5: Information for decision-making

24. The proposed activities will include:

- (1) a review of performance management practices within at least one department.
- (2) a review of performance management arrangements within at least one Trading Fund.

Responses and comments

25. Comments on these proposals are welcomed and should be sent by 31 October 2006:

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