



**Office of the Comptroller and Auditor General**  
**Annual Report and Accounts**  
**for the year ended 31 December 2017**

Prepared in discharge of the responsibility in Article 19 of the Comptroller and Auditor General (Jersey) Law 2014



JERSEY AUDIT OFFICE

**R.126/2018**

**Office of the Comptroller and Auditor General**  
**Annual Report and Accounts for the year ended 31 December 2017**

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## Introduction by the Chairman of the Board of Governance

The Board of Governance was created to '*keep under review whether the Comptroller and Auditor General has used and is using the resources provided ..... properly, efficiently and effectively*'. This specific but limited role has two key elements – to provide a system of robust scrutiny and accountability while ensuring and even enhancing the independence of the Comptroller and Auditor General (C&AG) in her investigations and reports.

Our basic requirement is to review and comment on the estimates and annual accounts. We also provide assurance on the annual expenses of the C&AG and we review staff terms and conditions. This makes clear that our function is to provide assurance – to the States and to the people of Jersey – rather than creating an extra tier of management.

The Board having been appointed in September 2016, this Annual Report covers the first full year of the new structure. We began by putting in place appropriate governance arrangements – meeting the highest standards but designed to match the scale and special characteristics of Jersey. Next, we set up systems of regular reporting and began to receive those reports. We progressively adjusted the required content to maximise our effectiveness, as well that of the Office. That aim of continuous improvement will guide all our work.

These strides forward for the Board have been accompanied by matching progress in the strategic importance of the C&AG's work and in the responses of the key institutions, which are described in her Overview (page 4). Together, they mark an advance for Jersey – better scrutiny of public spending plus resulting action will lead to greater value for the taxpayer and enable more to be achieved.

Several reports on the operation of public bodies have attracted substantial media attention. That is often a sign of the importance of the findings and recommendations. But the aim of a good audit body is to help organisations to improve. The lessons to be learned can usually be applied to other bodies and so the gain can be multiplied. But it all depends on a willingness to read, heed and act.

The first part of this document describes and analyses the work of the C&AG and her professional team, showing how the resources have been used. The second part includes the Board's assurance report. Then the accounts themselves are shown. I hope that you will be interested in reading about the year in this small but crucial part of Jersey's governance.

Peter Price  
Chairman  
Board of Governance

19 September 2018

## **Performance Report**

1. The Performance Report provides an overview of the Office of the Comptroller and Auditor General ('The Jersey Audit Office'). The following two sections set out the Office's purpose and structure and evaluate how it has performed against its objectives:
  - an Overview that provides a short summary of the Office, its purpose, the key risks to the achievement of its objectives and how it has performed during the year; and
  - a Performance Analysis that provides more information on how the Office measures its performance.

### **Overview**

#### ***Statement by the Comptroller and Auditor General***

2. The year has been one of change, both within the States and within the Office.
3. Following the appointment of a new Chief Executive, the States are facing a period of fundamental and rapid change. The findings from the 'due diligence' work undertaken for the new Chief Executive echoed many of my previous recommendations, such as those relating to financial management. My recommendations had usually been accepted by the States but action to implement them has often been slow and many recommendations have yet to be implemented. A clear focus on driving and monitoring the implementation of agreed actions is needed. In 2018 and beyond, I shall be monitoring progress on implementation of agreed changes.
4. 2017 saw the publication of a series of major reviews that went to the heart of the operation of the States. In January I reported on the operation of the Jersey Innovation Fund that identified fundamental weaknesses in the design and operation of the Fund. In November I reported on the States' arrangements for decision making, focussing on the process for selecting a site for the Future Hospital. I identified significant weaknesses in the decision making process. Addressing those will require fundamental changes in organisation, ways of working and culture.
5. Many of the findings from my reviews in 2017 echoed those from previous years. I drew together the themes from my work since 2013 and shared those with the Public Accounts Committee, senior officers and, subsequently, members of the new States Assembly. My findings informed the legacy report prepared by the outgoing Public Accounts Committee.
6. In 2017 I made changes to the operation of the Office. I secured improved efficiency and effectiveness by a restructuring that involved moving to serviced office accommodation better suited to the needs of the Office. The changes have allowed me to seek further support for the delivery of my work and I have subsequently appointed another affiliate to strengthen my team.
7. I look forward to delivering the challenging and highly relevant programme of work planned for the coming year.

### ***The role of the Office and how it is discharged***

8. The Office of the Comptroller and Auditor General ('the Office') is established by statute. It is publicly funded and, by discharging its statutory responsibilities, provides assurance about the use of public funds (See Exhibit 1).

### **Exhibit 1: Discharging statutory responsibilities**

<b>Function</b>	<b>Discharged by</b>
Providing assurance to the States Assembly that the public finances of Jersey are regulated, controlled, supervised and accounted for in accordance with relevant legislation, including reporting on internal control, value for money and corporate governance.	Preparing a series of reports to the States Assembly with the support of the Deputy Comptroller and Auditor General, affiliates and input from professional firms and other public audit agencies.
Appointment of auditors to the States and certain other specified bodies.	Appointment of professional firms and overseeing their performance.

9. The Comptroller and Auditor General (C&AG), appointed by the States Assembly, leads the Office. The C&AG is independent of government and may not be directed in how she discharges her responsibilities. Her role is to evaluate the implementation of policy but she does not question policy decisions.

### ***The Office's values***

10. The Office adopts a set of core values that drive the way in which it works (see Exhibit 2).

### **Exhibit 2: Core values of the Office**

<b>Independence</b>	Auditors should be independent of those they audit and be seen to be. They should not undertake any work that might impair their independence or might reasonably be perceived to do so.
<b>Audit work is undertaken as efficiently as possible</b>	The C&AG and audit firms appointed by the C&AG should discuss the timetable for their work and the information they require. Where appropriate and in accordance with professional standards, they should seek to rely on the work of internal audit where relevant to their responsibilities.

<b>Auditors adopt a constructive and positive approach</b>	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.
<b>Audit work recognises both costs and benefits</b>	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.
<b>Auditors report in public, accessibly, without fear or favour</b>	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 reports should be accessible and relevant to stakeholders.
<b>Confidentiality and data security are balanced with public accountability</b>	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.

### **2017 review**

11. Key outputs for 2017 are outlined in Exhibit 3.

### **Exhibit 3: Key outputs of the Office for 2017**

<b>January 2017</b>	Report published on <b>Jersey Innovation Fund</b> highlighting significant weaknesses in both the design and operation of the Fund, which was established to provide loans to businesses.
<b>February 2017</b>	Follow-up report published on <b>Private Patient Income</b> welcoming action taken since original report but identifying areas for further work. It also identified wider weaknesses in arrangements for taking on board the Office's findings and recommendations.
<b>June 2017</b>	Report published on governance and oversight of <b>Arm's Length Organisations</b> . This identified the absence of an effective corporate framework, significant differences in monitoring arrangements and an insufficient focus on securing value for money.

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**September 2017** Report published on **Risk Management**. This recognised the progress the States had made to introduce corporate risk management arrangements from a standing start but highlighted that a lot more needed to be done to ensure that risk management was an integral part of management across the organisation.

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**November 2017** Report published on **Decision Making: Selecting a Site for the Future Hospital**. The report focussed on the process put in place to select the location of the Future Hospital as an example of a major decision making process by the States. It covered actions in the period up to February 2016 and not the merits of the decision made. It highlighted substantial weaknesses in the process, including in relation to governance, accountabilities, programme management, effective engagement and use of specialist support.

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**December 2017** Report published on **Grants and Subsidies**. The report focussed on grants and subsidies totalling approximately £5 million not covered by the earlier report on Arm's Length Organisations. It highlighted ambiguities in the framework, insufficient corporate oversight of grants, weaknesses in operational management of grants and the absence of a consistent corporate culture.

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**May 2018** **Annual Accounts** of the States published, including report by the auditors appointed by the C&AG. For the first time, the C&AG had engaged the auditors to report not only on the truth and fairness of the accounts but also on whether income and expenditure:

- complied with relevant legislation and directions; and
- was in accordance with the intentions of the States Assembly.

This extended reporting was in line with practice in some other jurisdictions and enhanced accountability to the States Assembly.

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12. In the course of the year, the Office also engaged with the States Assembly and government by:

- attendance at meetings and hearings of the Public Accounts Committee and provision of briefings to the Committee;
- attendance at meetings of the States of Jersey Audit Committee; and
- regular liaison with the Chief Executive, Treasurer of the States and other senior officers.

13. The Office drew together key themes emerging from its work over the previous four years. It identified areas where improvement was required, with findings and recommendations made in a number of reports. It communicated those themes to the Public Accounts Committee and senior officers and subsequently to Members of the States Assembly (see Exhibit 4).

**Exhibit 4: Key themes emerging from the work of the Office**



Source: 'The C&AG – reporting to the States Assembly, supporting PAC'  
<https://www.jerseyauditoffice.je/wp-content/uploads/2018/06/CAG-NEW-STATES-MEMBERS-PRESENTATION-22-MAY-2018.pdf>

**Key issues facing the Office**

14. The key issues and risks faced by the Office in delivering its objectives related to:

- managing within available resources;
- maintaining the quality of the Office's work;
- achieving economy, efficiency and effectiveness in the operation of the Office;
- ensuring good governance of the Office; and
- maintaining the reputation of the Office.

15. More information on how the Office approaches the management of risk is provided in the Accountability Report below.

## Performance Analysis

### *How the Office performed against its priorities*

16. The previous Annual Report highlighted priorities for the Office. Exhibit 5 sets out performance against those priorities.

#### **Exhibit 5: Performance against priorities**

<b>Priority</b>	<b>Planned Action</b>	<b>Action and impact</b>
<b>Impact of the Office's work</b>		
Maximising the impact of the Office's work to support worthwhile change for the people of Jersey	Maintain focus on corporate governance and internal control in developing work programme.	The majority of the work programme has a strong focus on corporate governance and internal control, with recommendations for improvement made.
	Driving improvements in financial management and accountability.	The proposed follow-up work on financial management was deferred following the decision of the States to commission consultants to assess financial management maturity. Subsequently, the incoming Chief Executive's due diligence review reflected many of the Office's previous recommendations on financial management.
	Maintaining a focus on follow-up of previous audit recommendations to evaluate the extent and the effectiveness of implementation and to identify any barriers to implementation.	The work programme included follow-up of previous audit recommendations.  Given the slow pace of implementation of agreed recommendations, recurring themes from the Office's work were identified and reported to the Public Accounts Committee and senior officers.  Follow-up in a number of key areas was postponed given the appointment of a new Chief Executive.

<b>Priority</b>	<b>Planned Action</b>	<b>Action and impact</b>
	Maintaining a focus on value for money which is of particular importance given the financial constraints faced by the States.	Specific pieces of work with a focus on value for money were included in the work programme.
	Drawing out common themes from the Office's work, to identify and challenge the key underlying cultural barriers to and levers for change.	Key themes emerging from the Office's work were identified and reported to the Public Accounts Committee and senior officers.
	Supporting the Public Accounts Committee as it conducts its own reviews based on the Office's work.	Support provided by: <ul style="list-style-type: none"> <li>• attendance at all meetings of the Committee, including briefings on reports issued;</li> <li>• regular meetings with the Chairman of the Committee and officer supporting the Committee; and</li> <li>• informal liaison and provision of information.</li> </ul>

## **Governance**

Working constructively with the Board of Governance to embed its work and demonstrate the highest standards of governance	Agreeing Key Performance Indicators for the Office.	Initial work undertaken to identify appropriate comparator measures with comparable jurisdictions.
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## **Internal effectiveness and accountability**

Demonstrating proper stewardship of the public funds	Moving to new office accommodation appropriate to the needs of the Office and	The Office moved into serviced office accommodation in October 2017, securing improved efficiency and effectiveness.
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<b>Priority</b>	<b>Planned Action</b>	<b>Action and impact</b>
allocated to the Office	facilitating modern ways of working.	
	Redirecting resources towards securing additional support in specific areas including benchmarking, capital projects and digital.	The savings from the reorganisation of the Office allow funding for work by affiliates and external support where relevant. External support from the auditors of the States' accounts has been commissioned.
	Increasing the number and broadening the skills of affiliates available to the Office.	An additional affiliate with experience of risk management and transformation has been engaged.
	Exploring opportunities to work with comparable organisations in other jurisdictions.	Potential areas of work were discussed with both the UK National Audit Office and Audit Scotland.
	Introducing quarterly reporting of expenditure, including the Comptroller and Auditor General's expenses.	Quarterly reports of expenditure of the Office, including the Comptroller and Auditor General's expenses, are now both presented to the Board and published on the Office's website (see <a href="https://www.jerseyauditoffice.je/about-us/what-we-do/what-we-spend/">https://www.jerseyauditoffice.je/about-us/what-we-do/what-we-spend/</a> ).

### **External impact**

17. The Office looks beyond Jersey both to identify good practice and share lessons. In the course of the year, the C&AG accepted invitations to speak at two external events:

- the inaugural meeting of the UK Public Accounts Committee Network held in Cardiff on 18 September 2017. The C&AG spoke to members of UK Public Accounts Committees and the officers supporting them alongside the Comptroller and Auditor General of Northern Ireland and the Director of Performance Audit from Audit Scotland; and
- a 'Westminster Workshop' for Public Accounts Committees held in London on 4 December 2017. The C&AG addressed members of Commonwealth Public Accounts Committees alongside a representative of the UK National Audit Office.

18. Subsequently, the C&AG received invitations to participate in other external events in 2018.

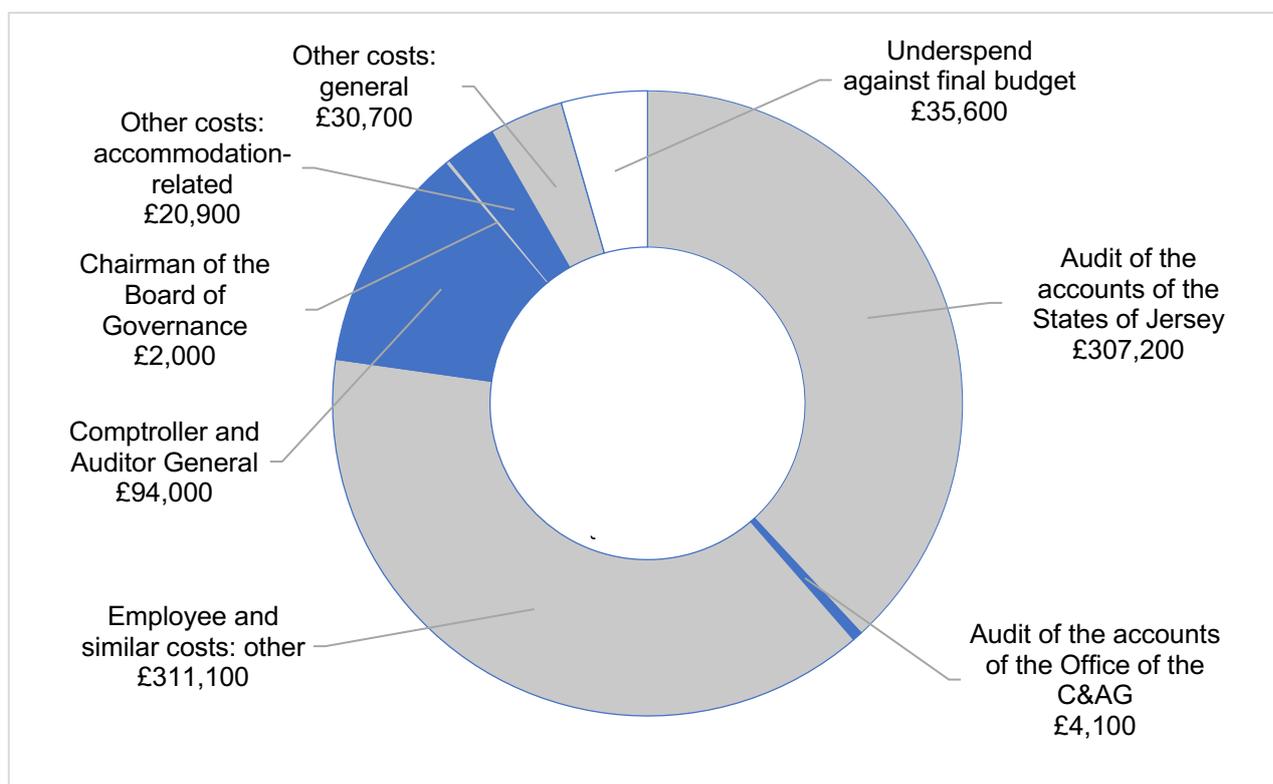
### **Auditors appointed by the Comptroller and Auditor General**

19. The Office appoints firms of accountants to audit the accounts of the States and certain other specified bodies. Annually, the C&AG seeks, obtains and evaluates feedback from the bodies to which she appoints auditors on their performance and engagement.
20. In the course of the year, the C&AG met regularly with the firm appointed to audit the accounts of the States to keep abreast of progress and to share information of common interest.
21. In accordance with contractual terms, the C&AG reviewed and, where appropriate, approved requests to provide non-audit services by the audit firms she had appointed. She only did so where she was satisfied that performing such work would not give rise to an actual or perceived threat to the independence of the audit firm or to the C&AG.

### **Financial performance**

22. Resources for the Office are allocated through the States' Medium Term Financial Plan. Despite the incurrence of one-off costs associated with changes in the operating model for the Office, the Office operated within its budget (see Exhibit 6).

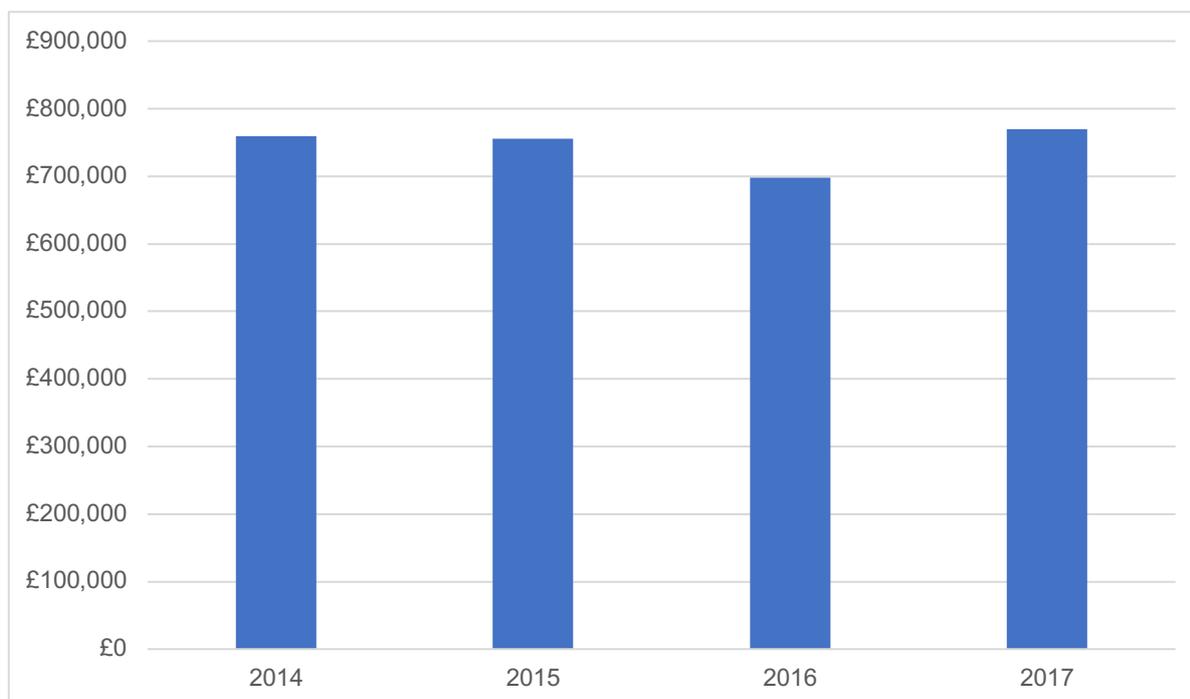
### **Exhibit 6: Financial performance 2017**



Source: Statement of Comprehensive Net Expenditure (page 26) and Statement of Comparison of Budget and Actual Amounts in the Annual Accounts (page 28)

23. The expenditure of the Office is broadly consistent with that in recent years (see Exhibit 7).

#### **Exhibit 7: Financial performance of the Office 2014 to 2017**



24. Further information on the financial performance of the Office is provided in the Annual Accounts.

#### ***Environmental impact***

25. During the year, the Office worked to reduce its environmental impact:

- the major environmental impact of the Office relates to air travel to and from Jersey. The Office sought to minimise the use of air travel by effective use of remote working from the UK, including the use of telephone and video conferencing;
- the Office moved into smaller and more environmentally friendly accommodation; and
- the Office continued to transition to maintaining information wherever possible and appropriate only in electronic format.

#### ***Comparing performance with other audit offices***

26. The Office has undertaken some benchmarking of performance against other audit offices using information in the public domain. The most obvious

comparators, the other Crown dependencies, do not have Auditor Generals. Therefore a comparator group, comprising seven audit offices from British Overseas Territories, Canadian Provinces, Australian States and Territories and an independent country, all with populations of 61,000 to 525,000, was used.

27. There are inherent problems in making comparisons because of differences in the responsibilities of the audit offices, their business models, prevailing costs in the economy, budgetary arrangements and applicable accounting frameworks. However, the overall message is that the Office provides a significant volume of reports to the States Assembly at comparatively low cost (see Exhibit 8).

**Exhibit 8: Comparison of performance with other audit offices**

Indicator	Jersey	Comparator group	
		Average	Range
Expenditure of audit office as a proportion of expenditure of government	0.065%	0.150%	0.046% to 0.317%
Number of reports (other than on financial statements) issued in year	6	6	2 to 9
Number of reports (other than on financial statements) per 100,000 population issued in year	5.69	3.57	0.81 to 8.23

Source: Jersey Audit Office analysis

## Priorities for the Future

28. I have identified key priorities for the Office (see Exhibit 9).

### Exhibit 9: Priorities for the Office

	<b>Priority</b>	<b>Commentary</b>
<b>1</b>	<b>Reflecting in the Office's work programme the risks arising from organisational change in the States</b>	The States have embarked on a substantial and rapid change programme to drive significant improvements. There are risks to internal control and corporate governance arising from any major change programme and these are reflected in the audit work programme.
<b>2</b>	<b>Delivering relevant, insightful work that supports improvement</b>	To secure greatest value, the work of the Office should not only hold to account and report clearly and impartially but also provide additional insight that supports improvement in public services.
<b>3</b>	<b>Demonstrating high standards of governance</b>	The Office should embrace the high standards of governance that it expects of others. Reflection on those arrangements is particularly important to promote resilience in a period when the Office is preparing for the appointment of a new Comptroller and Auditor General from January 2020.
<b>4</b>	<b>Delivering value for money</b>	The Office is funded from public funds. It is important to demonstrate that those funds are well used.

Karen McConnell  
Comptroller and Auditor General  
19 September 2018

## **Accountability Report**

29. The Accountability Report provides key accountability information to the States Assembly. It comprises:
- the Corporate Governance Report;
  - the Remuneration and Staff Report; and
  - the Accountability Statement and Audit Report.

## **Corporate Governance Report**

### ***Comptroller and Auditor General's Report***

30. I served as Comptroller and Auditor General throughout the period and personally directed the activities of the Office.
31. The Board of Governance of the Comptroller and Auditor General throughout the period comprised Peter Price (Chairman), Professor Russel Griggs (Independent member) and me (ex officio).
32. All members of the Board of Governance have to complete a declaration of interests. There were no declarations of significant company directorships or other interests that may have conflicted with their responsibilities and no member of the Board had any other related-party interests.
33. There were no personal data related incidents during the year reported to the Office of the Information Commissioner.

### ***Statement of Responsibilities of the Comptroller and Auditor General***

34. Under the Comptroller and Auditor General (Jersey) Law 2014, I am required to prepare annual accounts. The accounts are prepared on an accruals basis.
35. I confirm that, as far as I am aware, there is no relevant audit information of which the external auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the external auditors are aware of that information.
36. In preparing these accounts, I have adopted International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board and, in particular, I have:
- observed the relevant accounting and disclosure requirements and applied suitable accounting policies on a consistent basis;
  - made judgements and estimates on a reasonable basis; and
  - prepared the accounts on a going concern basis.
37. I confirm that this Annual Report and Accounts as a whole is fair, balanced and understandable.

## **Governance Statement**

### *My responsibilities*

38. I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the Office's policies, aims and objectives, while safeguarding the public funds and assets.

### *How I discharged my responsibilities*

39. Given the small size of the Office, I perform these functions without a formal management team. In my absence I delegate my responsibilities to the Deputy Comptroller and Auditor General.

40. I secure an effective system of governance and a sound system of internal control including by:

- preparing, communicating and implementing appropriate policies and procedures, in areas such as complaints and data security;
- to the extent appropriate to the circumstances of the Office, using the corporate financial and other systems of the States of Jersey. For financial systems, a Service Level Agreement is in place. Using such systems means that the Office does not maintain its own bank account with the attendant risks;
- monitoring expenditure against budget;
- seeking professional advice from the States where necessary and appropriate, including from the Law Officers' Department and the Director of Strategic Procurement;
- maintaining a contracts register and a gifts and hospitality register; and
- reviewing the performance of the appointed auditors.

### *Risk management*

41. I operate a risk register that captures those risks with the potential to have a significant adverse impact on the operation of the Office. The risk register is organised around key themes as summarised in Exhibit 10 below.

## **Exhibit 10: Risk register**

<b>Theme</b>	<b>Key areas and actions in year</b>
Finance	<p>The Office continues to work with the States to facilitate remote access to financial information relating to the expenditure of the Office.</p> <p>The Office has continued to operate within the allocations made in the Medium Term Financial Plan.</p>

Theme	Key areas and actions in year
Quality	<p>To secure the quality of work undertaken directly, I have:</p> <ul style="list-style-type: none"> <li>• maintained a sufficient pool of affiliates with appropriate skills and experience to undertake work on my behalf; and</li> <li>• applied rigorous quality assurance to all work.</li> </ul> <p>I sought and evaluated feedback on the performance of auditors that I appointed to audit the accounts of the States and certain other specified bodies.</p> <p>Although the auditors appointed by me concluded their audit of the States' 2016 accounts by the statutory deadline of 31 May 2017, there was a delay in completing work against the original timetable. I have worked with the States and the auditors to identify the reasons.</p>
Economy, efficiency and effectiveness	<p>I implemented changes to the working model of the Office, including moving to serviced accommodation in St Helier. The changes have reduced ongoing costs and improved the effectiveness of the Office's operations.</p>
Governance	<p>I reduced the risk of data loss by transferring historic paper documentation to the Jersey Archive and moving to working almost exclusively electronically.</p> <p>I improved security of information systems by moving to two factor authentication for all users.</p>
Reputation	<p>I recognised the risks that my work might lack impact or be seen as not relevant to the circumstances of the States. I reviewed the timing and composition of my programme and carefully managed communications with States officers during a period of change.</p>

*Personal data related incidents*

42. There were no protected personal data related incidents reportable to the Officer of the Information Commissioner in 2017. Neither were there any other personal data related incidents.

*The Board of Governance*

43. The Board of Governance, established under the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015, is responsible for keeping under review whether the resources provided to me by the States Assembly have been and are being used properly, efficiently and effectively.

44. The membership of the Board is detailed in Exhibit 11.

### Exhibit 11: Membership of the Board of Governance

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Peter Price  
Chairman

Peter Price has had an extensive career in law, politics, and wider public service, including 15 years as a member of the European Parliament, where he served as Chair of the Budgetary Control Committee.

Previous appointments include as a Non-Executive Director of the Wales Audit Office, a Non-Executive Director of the Welsh Ambulance Services NHS Trust and a Governor of Thames Valley University.



Professor Russel Griggs OBE  
Independent Member

Russel Griggs is an experienced business professional and has worked in a number of large private businesses as well as in large organisations and projects in the public sector.

He has held a wide range of executive and non-executive roles in private, public, and charitable institutions, including the Lending Standards Board, Scottish Mines Restoration Trust, Marie Curie Cancer Trust and the Audit Committee of the Department of Employment and Learning in Northern Ireland. He is currently a Board member of Audit Scotland and Chair of its Remuneration Committee.



Karen McConnell  
Comptroller and Auditor  
General

Karen McConnell was appointed by the States Assembly in 2013 and in 2014 her appointment was extended to 2019. Prior to taking up post, Karen held a variety of senior positions at the UK Audit Commission, including leading the Audit Practice and its 900 staff through the transition of outsourcing the Commission's work to the private sector during 2011 and 2012. Being directly accountable to the Chief Executive and the Board for the performance of the Audit Practice, during that time Karen also delivered a budget of £106 million income and £60 million expenditure and oversaw a complex work programme at 232 health bodies and 429 principal local government bodies (including police, fire and probation).

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45. The Board is responsible for:
- scrutinising the use of resources by and the governance arrangements of the Comptroller and Auditor General;
  - reporting any concerns to the Chief Minister and the Chairman of the Public Accounts Committee;
  - if requested by the Chairman of the Public Accounts Committee, advising on the appointment of auditors of the accounts of the Comptroller and Auditor General;
  - reviewing any estimates submitted by the Comptroller and Auditor General to the Chairman of the Public Accounts Committee for the purposes of the Medium Term Financial Plan or the budget;
  - reviewing the audited accounts of the Comptroller and Auditor General; and
  - if requested by the Comptroller and Auditor General, advising on the appointment, remuneration and terms and conditions of the Deputy Comptroller and Auditor General.
46. The Board also has a power to prepare an assurance report on the expenses of the Comptroller and Auditor General.

*How the Board of Governance discharged its responsibilities*

47. The Board met three times in the course of 2017. All members of the Board attended all those meetings. The key business of the Board in 2017 included:
- adopting key governance documents relating to its work - Standing Orders, a Code of Conduct and a Relationship Code;
  - reviewing the Complaints Policy prepared for the Office;
  - reviewing the risk register prepared for the Office;
  - monitoring the financial performance of the Office, including the expenses incurred by the Comptroller and Auditor General;
  - reviewing the gifts and hospitality register maintained for the Office;
  - receiving and reviewing the report from the Office's external auditors on the 2016 accounts;
  - reviewing proposals for changing the operation of the Office; and
  - deciding to prepare an assurance statement on my expenses that is included within this Accountability Report.
48. The Board did not report any matter to the Chief Minister and Chairman of the Public Accounts Committee.
49. The Board is committed to reviewing its own effectiveness and is scheduled to review its way of working at its October 2018 meeting.

*Quality of data used*

50. Both the Board of Governance and I rely on financial information drawn from the States of Jersey's financial systems subject to review and scrutiny by the Deputy Comptroller and Auditor General and an affiliate working for me. Both the Board of Governance and I are satisfied that such financial information is acceptable for the purposes for which it is used.

*Review of effectiveness*

51. I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by my own work, the work of those working for me, the work of the Board of Governance and information received from the States. Based on that review I am satisfied with the arrangements in place for governance, risk and internal control.

*Significant internal control weaknesses*

52. I am able to report that there were no significant weaknesses in the Office's system of internal controls in 2017 that affected the achievement of the Office's key policies, aims and objectives.

Karen McConnell  
Comptroller and Auditor General

19 September 2018

## **Remuneration and Staff Report**

53. The Office relies on the services of seven independent contractors, including the C&AG and the Deputy C&AG. Expenditure on these independent contractors is reported in the Annual Accounts and expenditure on the C&AG and on the Deputy C&AG are identified separately. The remuneration of independent contractors comprises only fees and they do not receive any bonuses, non-cash benefits or pension benefits.
54. The C&AG is remunerated at a daily rate under the terms of a contract entered into on behalf of the Chief Minister and the Chairman of the Public Accounts Committee.
55. The remuneration of the Chairman of the Board of Governance is reported in the Annual Accounts. His remuneration is determined by the States Assembly.
56. The Office had one States employee assigned to it until October 2017. The employment policies of the States of Jersey applied in full to that member of staff. To preserve the confidentiality, disclosures around staff remuneration, sickness absence and certain other employee matters have not been made.
57. No payments in compensation for loss of office were made in the year.

## **Accountability Statement and Audit Report**

Expenditure against the budget allocated to the Office is reported in the Statement of Comparison of Budget and Actual Amounts included in the Annual Accounts.

### ***Report of the Board of Governance of the Office of the Comptroller and Auditor General to the States Assembly on the expenses of the Comptroller and Auditor General***

Article 5(7) of the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015 provides that the Board may prepare an assurance report upon the annual expenses of the Comptroller and Auditor General.

#### *Scope of our work*

We have through the course of 2017 and in preparing this statement:

- received an analysis of the expenses incurred by and on behalf of the Comptroller and Auditor General for travel and subsistence for the year ended 31 December 2017;
- assessed the reasonableness of those expenses in light of the role of the Comptroller and Auditor General;
- sought explanations for any unusual items; and
- evaluated the reasonableness of such explanations.

#### *Statement*

No matters have arisen from our work that we wish to draw to the attention of the States Assembly.

Peter Price  
Chairman

For and on behalf of the Board of Governance of the Comptroller and Auditor General

19 September 2018

## **Independent auditor's report To the Comptroller and Auditor General**

### **Opinion**

We have audited the financial statements of the Office of the Comptroller and Auditor General (the 'Office of the C&AG') for the year ended 31 December 2017 which comprise the Statement of comprehensive net expenditure, Statement of financial position, Statement of comparison of budget and actual amounts, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Public Sector Accounting Standards (IPSAS).

In our opinion, the financial statements:

- give a true and fair view of the state of the Office of the C&AG's affairs as at 31 December 2017 and of its total comprehensive net expenditure for the year then ended;
- are in accordance with International Public Sector Accounting Standards; and
- are in accordance with the requirements of the Comptroller and Auditor General (Jersey) Law 2014.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISA') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Office of the C&AG in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

This report is made solely to the Comptroller and Auditor General and in accordance with Article 19 of the Comptroller and Auditor General (Jersey) Law 2014. Our audit work has been undertaken so that we might state to the Comptroller and Auditor General those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Comptroller and Auditor General, for our audit work, for this report, or for the opinions we have formed.

### **Other information**

The Comptroller and Auditor General is responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of the Comptroller and Auditor General for the financial statements**

As explained more fully in the Statement of Responsibilities of the Comptroller and Auditor General set out on page 16, the Comptroller and Auditor General is responsible for the preparation of the financial statements in accordance with the Comptroller and Auditor General (Jersey) Law 2014.

In preparing the financial statements, the Comptroller and Auditor General is responsible for applying the going concern principle, applying appropriate accounting policies in a consistent manner and making reasonable and prudent judgments and estimates.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Grant Thornton Limited**  
Chartered Accountants  
St Helier, Jersey, Channel Islands

**20 September 2018**

## Annual Accounts

### Statement of comprehensive net expenditure

For the year ended 31 December 2017

	Notes	2017	2016 (Re- classified)	2016 (As previously classified)
		£	£	£
<b>Expenses</b>				
Employee and similar costs: Chairman of the Board of Governance		2,000	600	600
Employee and similar costs: Comptroller and Auditor General		94,000	85,500	85,500
Employee and similar costs: other	4	311,100	270,200	270,200
Other costs: audit of the accounts of the States of Jersey	5	307,200	298,300	298,300
Other costs: audit of the Office of the Comptroller and Auditor General		4,100	4,000	
Other costs: general	6	30,700	23,900	27,900
Other costs: accommodation- related	7	20,900	15,700	15,700
<b>Total comprehensive net expenditure</b>		<b>770,000</b>	<b>698,200</b>	<b>698,200</b>

**Statement of financial position**

	Notes	31 December 2017	31 December 2016
		£	£
<b>Assets</b>			
<b>Current assets</b>			
Trade receivables from exchange transactions	8	5,000	5,200
Receivables from non-exchange transactions: States of Jersey Consolidated Fund		436,900	319,700
<b>Total assets</b>		<b>441,900</b>	<b>324,900</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables from exchange transactions	9	397,400	324,900
Provisions	10	20,700	-
<b>Total current liabilities</b>		<b>418,100</b>	<b>324,900</b>
<b>Non-current liabilities</b>			
Provisions	10	23,800	-
<b>Total non-current liabilities</b>		<b>23,800</b>	<b>-</b>
<b>Total liabilities</b>		<b>441,900</b>	<b>324,900</b>
<b>Net assets</b>		<b>0</b>	<b>0</b>

**Statement of comparison of budget and actual amounts**

**For the year ended 31 December 2017**

<b>Net revenue expenditure</b>	<b>Notes</b>	<b>2017</b>
		£
Original budget	18	804,400
Adjustments	18	1,200
Final budget	18	805,600
Actual on comparable basis		770,000
Performance difference		35,600

## **Notes to the financial statements**

### **1 General Information**

These financial statements were authorised for issue by the Comptroller and Auditor General on 19 September 2018.

The Comptroller and Auditor General is a corporation sole established by the States of Jersey under the Comptroller and Auditor General (Jersey) Law 2014. The financial activities of the Office of the Comptroller and Auditor General are included within the financial statements of the States of Jersey.

The Office of the Comptroller and Auditor General's principal activity is serving as a supreme audit institution for Jersey and is located in Jersey.

The financial statements cover the individual entity as no other entities have been identified for inclusion within the financial statements in accordance with applicable accounting standards.

### **2 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in pounds sterling which is the functional and reporting currency of the Office of the Comptroller and Auditor General and all values are rounded to the nearest one hundred pounds.

The financial statements are prepared on the basis of historical cost unless otherwise stated. The financial statements are prepared on an accruals basis.

### **3 Summary of significant accounting policies**

#### **a) Reporting financial performance**

The expenses of the Office of the Comptroller and Auditor General are directly met by the States of Jersey and no cash or equivalent is advanced to the Office of the Comptroller and Auditor General. Therefore:

- these financial statements include a Statement of Comprehensive Net Expenditure as the Office of the Comptroller and Auditor General receives no income;
- the Statement of Financial Position includes Receivables from non-exchange transactions representing the amounts payable by the States of Jersey's Social Security Funds to meet the liabilities of the proportion of the costs of the audit of the financial statements of the States falling on the Social Security Funds;
- the Statement of Financial Position includes Receivables from non-exchange transactions representing the amounts payable by the States of Jersey's Consolidated Fund to meet the liabilities of the Comptroller and Auditor General; and

- no Cash Flow Statement is prepared as there are no cash flows specifically attributable to the Office of the Comptroller and Auditor General.

#### **b) Recognition of expenditure**

Expenditure in respect of fees for the audit of the annual financial statements of the States of Jersey and the Office of the Comptroller and Auditor General are recognised in the period to which the financial statements relate. Expenditure is stated net of the amount falling on the Social Security Funds as full responsibility for the portion of the cost of the audit of the Social Security Funds rests with the Social Security Funds and the Comptroller and Auditor General is acting as an agent in respect of this amount.

Expenditure in respect of fees for other work undertaken for the Office of Comptroller and Auditor General is recognised in the period in which the service is provided.

Expenditure is reported net of Goods and Services Tax.

#### **c) Property, plant and equipment**

The Office of the Comptroller and Auditor General's policy is to recognise property, plant and equipment in the financial statements at cost less accumulated depreciation where the cost of an individual item or group of items exceeds £10,000. No such items were held at 31 December 2017 (or 31 December 2016).

#### **d) Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits of ownership of the leased item to the Office of the Comptroller and Auditor General. Operating lease payments are recognised as an operating expense on a straight-line basis over the lease term.

#### **e) Provisions**

Provisions are recognised when the Office of the Comptroller and Auditor General has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Office of the Comptroller and Auditor General does not recognise contingent liabilities but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Office of the Comptroller and Auditor General does not recognise contingent assets but discloses in the notes to the financial statements details of any possible assets whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Comptroller and Auditor General.

#### **f) Employee benefits**

The Office of the Comptroller and Auditor General received the services of a member of staff employed by the States of Jersey who is a member of the Public Employees' Contributory Retirement Scheme (PECRS). The costs of that member of staff are included in the Statement of Comprehensive Net Expenditure.

##### *Retirement benefits*

The States of Jersey on behalf of the Office of the Comptroller and Auditor General made a fixed contribution to PECRS. Although PECRS plans to make specified payments to former employees in retirement, the Office of the Comptroller and Auditor General does not have any legal or constructive obligation to pay further contributions if PECRS does not hold sufficient assets to pay employee benefits relating to employee service in the current or prior periods. The contributions to PECRS are therefore charged in the year in which they become payable.

##### *Short-term employee benefits*

The cost of short-term employee benefits, such as payment for annual leave, is recognised in the period in which the employee provides the related service.

#### **g) Related parties**

The Comptroller and Auditor General regards a related party as a person or entity with the ability to exercise significant influence over the Office of the Comptroller and Auditor General.

#### **h) Changes in accounting policies and estimates**

The Comptroller and Auditor General recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

There are no changes in accounting policy compared with the financial statements for the year ended 31 December 2017. However, the Comptroller and Auditor General has disclosed in Note 15 segmental information that, on grounds of materiality, was not disclosed in the financial statements for the year ended 31 December 2016.

The Office of the Comptroller and Auditor General recognises the effects of changes in accounting estimates prospectively by including them in net expenditure.

#### **i) Classification of expenses**

The Office of the Comptroller and Auditor General adopts an expenditure classification that is relevant to the circumstances of the Office.

A change in classification of expenses has been adopted for the year ended 31 December 2017: expenditure on the audit of the accounts of the Office of the Comptroller and Auditor General is now presented as a separate head in the Statement of Comprehensive Net Expenditure rather than within Other costs: General. To preserve comparability, the figures for expenditure for the year ended 31 December 2016 are stated on both the previous and new bases.

## **j) Budget information**

The annual budget for the expenditure of the Office of the Comptroller and Auditor General is prepared on the basis of 'near cash' expenditure as defined in the Jersey Financial Reporting Manual (which is based on European Union-adopted International Financial Reporting Standards). The budget classification used is that adopted by the States of Jersey.

## **k) Significant judgements and sources of estimation uncertainty**

The preparation of the financial statements of the Office of the Comptroller and Auditor General in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of any contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, the Comptroller and Auditor General has made judgements which have an effect on the amounts recognised in the financial statements. The most significant judgements relate to:

- the accounting policy for the recognition of expenditure on fees for the audit of the States of Jersey disclosed in Note 3 b) above;
- the accounting policy for audit fees in respect of the States of Jersey Social Security Funds disclosed in Note 3 b) above; and
- the accounting policy for retirement benefits disclosed in Note 3 f) above.

The Comptroller and Auditor General has identified an assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Comptroller and Auditor General based her assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to circumstances arising beyond the control of the Comptroller and Auditor General. Such changes are reflected in the assumptions when they occur.

Restructuring provisions were raised and the Comptroller and Auditor General determined an estimate based on the information available. Additional disclosure of the estimate of the provisions is included in Note 10. The provisions are measured at the Comptroller and Auditor General's best estimate of the expenditure required to settle the obligations at the reporting date.

## I) New IPSAS

The Comptroller and Auditor General has determined that the following IPSAS for which first time adoption is required for financial periods beginning on or after 1 January 2018 but early adoption is permitted is not relevant to these financial statements:

- IPSAS 40 Public Sector Combinations.

Whilst IPSAS 39 Employee Benefits is relevant to the financial statements of the Office of the Comptroller and Auditor General, the Comptroller and Auditor General has determined that its adoption will have no impact on the reported financial position or performance of the Office.

### 4 Employee and similar costs: other

	<b>2017</b>	<b>2016</b>
	£	£
Deputy Comptroller and Auditor General	87,300	69,400
Affiliates	75,300	98,800
States employee and communication & administrative support	148,500	102,000
	<b>311,100</b>	<b>270,200</b>

The staff costs for the States employee includes an employer contribution of £10,900 (2016: £5,600) to the Public Employees' Contributory Retirement Scheme.

### 5 Other costs: audit of States' accounts

This expenditure is stated net of a charge to the States of Jersey's Social Security Funds of £60,000 (2016: £58,200).

**6 Other costs: general**

	<b>2017</b>	<b>2016</b>	<b>2016</b>
		<b>(Re- classified)</b>	<b>(As previously classified)</b>
	£	£	£
Other professional services bought in	2,900	-	-
ICT support	4,300	(3,400)	(3,400)
Communications	2,400	3,500	3,500
Travel and accommodation: Chairman of the Board of Governance	600	100	100
Travel and accommodation: Comptroller and Auditor General	6,900	8,600	8,600
Travel and accommodation: Deputy Comptroller and Auditor General	4,600	4,200	4,200
Travel and accommodation: other	7,700	10,100	10,100
Audit of the accounts of the Office of the Comptroller and Auditor General			4,000
Administration	1,300	800	800
	<b>30,700</b>	<b>23,900</b>	<b>27,900</b>

**7 Other costs: accommodation-related**

	<b>2017</b>	<b>2016</b>
	£	£
Premises and maintenance	20,000	14,700
Printing and stationery	900	1,000
	<b>20,900</b>	<b>15,700</b>

**8 Trade receivables from exchange transactions**

	<b>2017</b>	<b>2016</b>
	£	£
Prepayments	5,000	5,200
	<b>5,000</b>	<b>5,200</b>

**9 Trade payables from exchange transactions**

	<b>2017</b>	<b>2016</b>
	£	£
Trade payables	90,600	15,600
Accruals	306,800	309,300
	<b>397,400</b>	<b>324,900</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

## 10 Provisions

	<b>Current provision</b>	<b>Non- current provision</b>	<b>Total provisions</b>
			£
Balance at 1 January 2017	0	0	0
Provision raised	20,700	23,800	44,500
Balance at 31 December 2017	<b>20,700</b>	<b>23,800</b>	<b>44,500</b>

The provisions relate to a restructuring of the operations of the Office undertaken in the course of the year and was calculated on the basis of the Comptroller and Auditor General's assessment of the most likely amount and timing of payments necessary to discharge contractual obligations. Uncertainty is related to the actual amounts and timing of sums necessary to discharge those contractual obligations.

## 11 Financial instruments – financial risk management

The fair value of receivables from exchange transactions is equal to their carrying value due to the short-term maturities of these instruments.

As the Office of the Comptroller and Auditor General has no assets arising from exchange transactions, the Office of the Comptroller and Auditor General is not exposed to any credit risk.

As the States of Jersey meet the liabilities of the Office of the Comptroller and Auditor General, the Office of the Comptroller and Auditor General is not exposed to any liquidity risk.

As the Office of the Comptroller and Auditor General does not enter into any contracts for supply of goods or services not denominated in sterling, the Office of the Comptroller and Auditor General is not exposed to any currency risk.

As the Office of the Comptroller and Auditor General does not have any interest-bearing assets or liabilities, the Office of the Comptroller and Auditor General is not exposed to any market risk.

## 12 Related party disclosures

### *Terms and conditions of transactions with related parties*

Peter Price is engaged as Chairman of the Board of Governance, Karen McConnell is engaged as Comptroller and Auditor General and Stephen Warren is engaged as Deputy Comptroller and Auditor General on a self-employed basis. Purchases from Peter Price, Karen McConnell and Stephen Warren are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received from any related party payable.

### *Key management personnel*

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, comprise Karen McConnell, as Comptroller and Auditor General, a corporation sole established by Article 2 of the Comptroller and Auditor General (Jersey) Law 2014 and Stephen Warren, Deputy Comptroller and Auditor General, who is empowered under Article 16 of the Comptroller and Auditor General (Jersey) Law 2014 to discharge the functions of Comptroller and Auditor General in Karen McConnell's absence. Karen McConnell and Stephen Warren are engaged on a self-employed basis and total expenditure on their engagement is reported in the Statement of Comprehensive Net Expenditure.

### *States of Jersey*

Article 9 of the Comptroller and Auditor General (Jersey) Law 2014 places a duty on the States to ensure that the Comptroller and Auditor General is provided with sufficient resources to perform her functions. Article 50 of the Public Finances (Jersey) Law 2005 placed a duty on the Chief Minister to ensure that the Comptroller and Auditor General is provided with sufficient resources to perform her functions.

The duty to ensure that sufficient resources are provided is discharged by the States meeting the costs of Office of the Comptroller and Auditor General.

### *States of Jersey Social Security Funds*

The Social Security Fund, Social Security (Reserve) Fund, Health Insurance Fund and Long-Term Care Fund established by the States of Jersey meet the portion of the cost of the audit of the States' accounts relating to those Funds.

## **13 Operating lease payments**

Future minimum lease payments under an operating lease relate to office accommodation and associated equipment and amount to £78,439 (2016: £6,600), £20,462 (2016: £6,600) of which is payable within one year, with the remaining £57,977 (2016: £0) being payable between 2 to 5 years inclusive.

Lease payments recognised as an expense during the period amounted to £19,200 (2016: £13,600).

## **14 Contingent liabilities**

At the end of the financial year the Office of the Comptroller and Auditor General had no contingent liabilities (31 December 2016: nil).

## **15 Segment information**

For management purposes the Office of the Comptroller and Auditor General is treated as comprising only two business units - one covering the governance of the Office of the Comptroller and General and one covering all other expenditure.

Expenditure attributable to the governance business unit comprises:

Office of the Comptroller and Auditor General: Annual Accounts  
for the year ended 31 December 2017

- the remuneration and expenses of the independent members of the Board of Governance established under the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015;
- a proportion of the remuneration of the Comptroller and Auditor General reflecting the time spent preparing for and attending meetings of the Board;
- a proportion of the remuneration of the Deputy Comptroller and Auditor General reflecting the time spent in his capacity as Secretary of the Board;
- the fee for the audit of the accounts of the Office of the Comptroller and Auditor General; and
- other costs directly related to the work of the Board.

The Office of the Comptroller and Auditor General operates in only one geographic location and therefore no segments are monitored geographically.

## Reportable segments 2017

	<b>General operations</b>	<b>Governance</b>	<b>Total</b>
	£	£	£
<b>Segment expenses</b>			
Employee and similar costs: Chairman of the Board of Governance		2,000	2,000
Employee and similar costs: Comptroller and Auditor General	91,700	2,300	94,000
Employee and similar costs: other	301,800	9,300	311,100
Other costs: audit of the accounts of the States of Jersey	307,200		307,200
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General		4,100	4,100
Other costs: general	28,800	1,900	30,700
Other costs: accommodation-related	20,900		20,900
<b>Total comprehensive net expenditure</b>	<b>750,400</b>	<b>19,600</b>	<b>770,000</b>
<b>Other information</b>			
Segment assets	437,700	4,200	<b>441,900</b>
Segment liabilities	437,700	4,200	<b>441,900</b>

## Reportable segments 2016

	General operations	Governance	Total
	£	£	£
<b>Segment expenses</b>			
Employee and similar costs: Chairman of the Board of Governance		600	600
Employee and similar costs: Comptroller and Auditor General	84,900	600	85,500
Employee and similar costs: other	268,300	1,900	270,200
Other costs: audit of the accounts of the States of Jersey	298,300		298,300
Other costs: audit of the accounts of the Office of the Comptroller and Auditor General		4,000	4,000
Other costs: general	23,100	4,800	23,900
Other costs: accommodation-related	15,700		15,700
<b>Total comprehensive net expenditure</b>	<b>690,300</b>	<b>7,900</b>	<b>698,200</b>
<b>Other information</b>			
Segment assets	319,700	5,200	<b>324,900</b>
Segment liabilities	319,700	5,200	<b>324,900</b>

### 16 Events after the reporting period

There are no material non-adjusting events after the reporting date.

### 17 Reconciliation of performance against budget to Statement of Comprehensive Net Expenditure

There is potential for differences between the financial performance of the Office of the Comptroller and Auditor General reported in the Annex to the Financial Report and Accounts of the States of Jersey and that reported in these financial statements as a result of:

- use of a different definition of expenditure;

- use of different accounting policies;
- use of different estimation procedures;
- use of a different unit of rounding; and
- adoption of financial statements on different dates.

Performance against budget for the year ended 31 December 2017 can be reconciled as follows:

	<b>2017</b>
	£
<b>Near cash expenditure for the Office of the Comptroller and Auditor General reported on page 78 of the Financial Report and Accounts of the States of Jersey</b>	<b>759,000</b>
Plus: Increase in restructuring provision to reflect improved information	9,300
Plus: Other adjustments	1,700
<b>Total comprehensive net expenditure</b>	<b>770,000</b>

## **18 Differences between original budget, final budget and actual**

'Original budget 2017' represents the sum for the year ended 31 December 2017 included in the Medium Term Financial Plan as Amended, approved by the States Assembly on 1 December 2016.

'Final budget 2017' shows an in-year budget adjustment for the year ended 31 December 2017 notified by the Treasurer of the States to the Comptroller and Auditor General in April 2018. The increase in budget over that in the Medium Term Financial Plan reflects an uplift in budget to reflect pay awards for 2017.

The budget is prepared on an accruals basis using the States of Jersey budget classification.

Budget and actuals cover the activities of the Office of the Comptroller and Auditor General.

The principal reasons for the variance of actual performance against budget are lower than budgeted expenditure on:

- Employee and similar costs: other; and
- Other costs: general.