

# STATES OF JERSEY



## REVIEW OF ANNUAL REPORTING (R.86/2020): EXECUTIVE RESPONSE

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Presented to the States on 8th October 2020  
by the Public Accounts Committee

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STATES GREFFE

## FOREWORD

In accordance with paragraphs 64-66 of P.56-2018, the [Code of Practice](#) for engagement between ‘Scrutiny Panels and the Public Accounts Committee (PAC)’ and ‘the Executive’, (February 2018), the Public Accounts Committee presents the Executive Response to the Comptroller and Auditor General’s (C&AG) [Review of Annual Reporting](#), published in August 2020.

The Public Accounts Committee will follow up on the Executive Response at its public hearing with the Chief Executive on 30 November 2020, and will present its comments on the C&AG’s Review and the response to it, in due course.

**Senator S.C. Ferguson**  
Chairman, Public Accounts Committee

# **The Chief Executive and Director General, Treasury and Exchequer's response to Comptroller and Auditor Review of Annual Reporting**

**September 2020**

## **Glossary of Terms**

AGM – Annual General Meeting  
ALBOB – Arm's Length Body Oversight Board  
ALO – Arm's Length Organisation  
C&AG – Comptroller and Auditor General  
GoJ – Government of Jersey  
SOE – States Owned Entities  
T&E – Treasury & Exchequer

Chief Executive/Treasurer/Director General's Response:

**Review title: C&AG Review: [Annual Reporting](#) - Executive Response to PAC by Wednesday 30th September 2020 please.**

Summary of response

Public bodies play a vital role in the delivery of public services for all our citizens, covering wide-ranging functions. The Chief Executive (CEO) and Director General of the Treasury & Exchequer (DG) welcome the findings of the Comptroller's Report where they support and augment work already underway across Government to establish common standards. Government is focussed on activity that ensures all public bodies are fit for purpose, efficient and effectively report their activity on an annual basis. However, the CEO and DG do not fully agree with all the Recommendations made in the Comptroller's Report.

The establishment of the Arm's Length Bodies Oversight Board (ALBOB), formed of senior officers from across Government, will ensure a common approach is taken to maintaining strategic alignment and good practice across all Arm's Length Bodies (ALBs)\*. ALBOB will report to and is accountable to the Council of Ministers (CoM), supporting the policy objectives of Ministers as agreed in the Common Strategic Policy, Government Plan and Island Plan. ALBOB will ensure that highest standards of reporting are adopted across all ALBs appropriate to their scale and risk profile, recognising the impact on the public purse and the need for proportionality.

\*Arm's Length Body is an umbrella term covering both States Owned Entities (government owned businesses) and Arm's Length Organisations (regulatory and delivery bodies).

Action Plan

<b>Recommendations (for States of Jersey)</b>	<b>Action</b>	<b>Target date</b>	<b>Responsible Officer</b>
<b>R1</b> Reintroduce the requirement for the Chief Executive to sign the performance report.	This will be clarified and implemented for the 2020 Annual Report and Accounts, although the 2019 Annual Report and Accounts were signed as a single document that included performance indicators.	Annual Report and Accounts 2020	Chief Executive

<p><b>R2</b> Introduce a consistent requirement for all States' controlled unlisted companies to make their financial statements publicly available.</p>	<p>SOE's:</p> <p>For the States wholly-owned and majority-owned unlisted companies, annual reports including financial statements are already published on their websites shortly after the Annual General Meeting has taken place – <b>No Action required for SOEs</b></p> <p>ALO's:</p> <p>The Annual Reports of ALOs should be presented to the States Assembly by the host department as well as available on the ALOs website. This requirement will be (re)captured in guidance for host departments produced and agreed by ALBOB.</p>	<p>N/a</p> <p>From 1<sup>st</sup> January 2021</p>	<p>N/a</p> <p>Chair of ALBOB</p>
<p><b>R3</b> Introduce a consistent set of requirements for the accounting framework to be adopted by States controlled unlisted companies.</p>	<p>SOEs:</p> <p>In relation to the States wholly owned and majority-owned unlisted companies, The Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles. It is the legal responsibility of the Directors to:</p> <ul style="list-style-type: none"> <li>• select suitable accounting policies and then apply them consistently</li> <li>• specify which generally accepted accounting principles have been adopted in the preparation of financial statements</li> </ul> <p>The financial statements are then subject to an independent external audit which includes opinion on the presentation of the accounts in accordance with the accounting principles selected. It is noted from the C&amp;AG's report that the majority of States controlled</p>	<p>N/a</p>	<p>N/a</p>

	<p>unlisted companies already use the same accounting framework – <b>No Action required for SOEs</b></p> <p>ALOs:</p> <p>This requirement will be captured in guidance for host departments produced and agreed by ALBOB.</p>	From 1 <sup>st</sup> January 2021	Chair of ALBOB
<p><b>R4</b> Introduce a consistent set of minimum requirements for the annual reports of States controlled unlisted companies. These minimum requirements should include information regarding performance and accountability of the companies as well as minimum requirements for financial information disclosure.</p>	<p>SOEs:</p> <p>In relation to the States wholly owned and majority-owned unlisted companies their annual reports already meet many of the minimum requirements proposed in the C&amp;AG's report. Each company is undertaking a review against the findings of the C&amp;AG's reports and will agree amendments to annual reports with the Minister for T&amp;E ahead of publication next year.</p> <p>ALOs:</p> <p>This requirement will be captured in guidance for host departments produced and agreed by ALBOB.</p>	Amendments agreed with each SOE's 2021 AGM	Director of Treasury & Investment Management
<p><b>R5</b> Introduce a consistent set of minimum requirements for the annual reports of other States controlled entities. These minimum requirements should include information regarding performance and accountability of the entities as well as minimum requirements for financial information disclosure.</p>	<p>ALOs:</p> <p>This requirement will be captured in guidance for host departments produced and agreed by ALBOB.</p>	From January 2021	Chair of ALBOB
<p><b>R6</b> Introduce a requirement for Statistics Jersey to produce an annual report.</p>	<p>To bring forward proposals to update the Statistics and Census Law to introduce a requirement for Statistics Jersey to produce an annual report.</p>	Q2 2021	Director General for Strategic Policy,

			Planning and Performance
<b>R7</b> Introduce a consistent set of minimum requirements for the annual reports of all entities established by the States Assembly. These minimum requirements should include information regarding performance and accountability of the entities as well as minimum requirements for financial information disclosure.	This recommendation will be taken on by ALBOB and a Report produced as a number of changes to legislation will be necessary.	Report produced by end of Q1 2021	Director of Partnerships
<b>R9</b> Introduce a consistent requirement for all entities controlled by the States or established by the States Assembly to publish an accountability report comprising a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report as part of their annual report.	<p>SOEs:</p> <p>In relation to the States wholly owned and majority-owned unlisted companies their annual reports already meet many of the requirements proposed in the C&amp;AG's report. Each company is undertaking a review against the findings of the C&amp;AG's reports and will agree amendments to annual reports with the Minister for T&amp;E ahead of publication next year.</p> <p>ALOs:</p> <p>This recommendation is partially agreed for ALOs. This recommendation will be taken on by ALBOB and a Report produced into the cost / benefits as this potentially adds significant detail to Reports and costs to the production of accounts. Ultimately these costs are borne by the taxpayer.</p>	<p>Amendments agreed with each SOE's 2021 AGM</p> <p>End of Q1 2021</p>	<p>Director of Treasury &amp; Investment Management</p> <p>Director of Partnerships</p>
<b>Recommendations (for all entities)</b>	<b>Action</b>	<b>Target Date</b>	<b>Responsible Officer</b>
<b>R8</b> Improve the public annual reporting of performance to include all of the	GoJ cannot accept this recommendation on behalf of all entities, but will discuss the elements of best practice		

<p>elements of best practice identified in this report.</p>	<p>identified with a view to improving annual reporting protocol, where best practice applies to the majority of the activity undertaken by the ALO,</p>		
<p><b>R10</b> Review the contents of the annual report to include best practice accountability reports including a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report.</p>	<p>SOEs: In relation to the States wholly owned and majority-owned unlisted companies their annual reports already meet many of the requirements proposed in the C&amp;AG's report. Each company is undertaking a review against the findings of the C&amp;AG's reports and will agree amendments to annual reports with the Minister for T&amp;E ahead of publication next year.</p> <p>ALOs: Partially agree. This recommendation will be taken on by ALBOB and a Report produced into the cost / benefits as this potentially adds significant detail to Reports and costs to the production of accounts. Ultimately these costs are borne by the taxpayer.</p>	<p>Amendments agreed with each SOE's 2021 AGM</p> <p>End of Q1 2021</p>	<p>Director of Treasury &amp; Investment Management</p> <p>Director of Partnerships</p>
<p><b>R11</b> Review and update the content of the next annual report to embrace the best practice principles noted in this report.</p>	<p>SOE's: Each States-owned entity is undertaking a review against the findings of the C&amp;AG's reports and will agree amendments to annual reports with the Minister for T&amp;E ahead of publication next year.</p> <p>ALOs: Partially agree. This recommendation will be taken on by ALBOB and a cost / benefit analysis undertaken.</p>		<p>Director of Treasury &amp; Investment Management</p> <p>Director of Partnerships</p>

Areas for consideration by the States of Jersey	Action	Target Date	Responsible Officer
<p><b>A1</b> Consider whether to introduce a requirement for States controlled entities above a consistent size threshold, to produce stand-alone audited financial statements prepared under a suitable accounting framework such as FRS102.</p>	<p>See note above in relation to SOEs and the current use of suitable accounting principles, as required under the Companies (Jersey) Law 1991.</p>	<p>N/a</p>	<p>N/a</p>
<p><b>A2</b> Consider adopting consistent provisions about deadlines for the preparation, submission and publication of annual reports.</p>	<p>In practice it is anticipated that annual reports will be published as soon as reasonably practicable. The Government of Jersey has already improved the publication date of its own annual report from May to March and similar timely reporting deadlines will be discussed with all ALOs.</p>		

Recommendations not accepted

	Recommendation	Reason for rejection