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States established and States controlled entities should take steps to improve the content of their annual reports

Comptroller and Auditor General issues latest report and Good Practice Guide

Comptroller and Auditor General (C&AG), Lynn Pamment, has today 3 November 2021 published her second report on *Annual Reporting*.

The report considers the latest annual reports produced by the States of Jersey and 50 States established and States controlled entities. It compares the reports reviewed to a set of best practice criteria developed by the C&AG. The report also assesses progress being made in improving annual reports following the recommendations made by the C&AG in her first report *Annual Reporting* published in August 2020.

Lynn Pamment found that although the content of most annual reports did not meet best practice, there was an overall improvement from the previous year. The COVID-19 pandemic provided a focus for entities to tell a clearer story about their purpose, the decisions taken and the arrangements put in place to address challenges caused by the pandemic. Despite the potential for the COVID-19 pandemic to delay the publication of annual reports, there was a slight improvement in timeliness of public reporting compared to the previous year. Where deadlines for annual reports are set, most entities met the required deadlines.

The C&AG noted that a small number of entities made more fundamental improvements to their annual reports and addressed key issues raised in her 2020 Report. However she noted that a significant number of entities' annual accounts could not be located on the entities' websites and, for these entities, limited financial information was reported publicly.

Only 15% of entities produced a single annual report comprising an identifiable performance report, accountability report and financial statements. Few performance or accountability reports were signed or dated by the Chief Executive or equivalent.

The C&AG considered that the overall content of 73% of annual reports was poor or very poor compared to best practice. Key areas where annual reports could be improved include:

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- setting out objectives, analysing associated risks and summarising performance, including Key Performance Indicators to measure performance against objectives
- providing information on governance arrangements and operations (including structures and delivery models); and
- reporting on remuneration and other workforce matters.

The C&AG found that some entities are reporting performance against environmental measures. However, few entities are reporting against a wider range of sustainability measures.

The C&AG has also today published her second *Annual Reporting Good Practice Guide* updated for 2021 which draws out examples from better performing entities to assist all entities in improving their performance.

Lynn Pamment said:

“Annual reports are a fundamental part of ensuring the accountability of entities. Few States established or States controlled entities have made significant progress in improving their annual reports for 2020 and significant improvements are needed for most entities to meet best practice.

All entities should consider the issues raised in this report and my *Annual Reporting Good Practice Guide* and seek to improve the accessibility and content of their 2021 annual reports. Annual reports should be clearer about entities’ objectives (and the extent to which objectives have been met), governance arrangements, operations, remuneration and workforce matters. Entities should ensure that their reports are publicly available and are easy to locate.

The States should take the lead in developing their own sustainability reporting and in developing minimum requirements for sustainability reporting by States established and States controlled entities.”

The report *Annual Reporting* and the *Annual Reporting Good Practice Guide* can be found at: <https://www.jerseyauditoffice.je>

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Notes to Editors:

- The Office of Comptroller and Auditor General ('C&AG') was established in 2005 and operates under the Comptroller and Auditor General (Jersey) Law 2014
- The remit of the C&AG includes the audit of financial statements, corporate governance, internal control and wider consideration of public funds, often expressed as 'value for money'
- The 2021 Audit Plan can be found at: www.jerseyauditoffice.je
- Lynn Pamment took up the Office of C&AG on 1 January 2020 for a fixed term of seven years. Following the introduction of the Comptroller and Auditor General (Jersey) Law 2014 the term of office is fixed at seven years and is non-renewable.
- The Office of Comptroller and Auditor General is known as the 'Jersey Audit Office'.
- Contact details are: de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT / T:716800 / E: enquiries@jerseyauditoffice.je

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