

# Annual Report Self-Assessment Tool

February 2022

## Introduction

1. This self-assessment tool sets out the criteria that the Comptroller and Auditor General (C&AG) will use in 2022 for reviewing 2021 annual reports. It is based on best practice observed in other jurisdictions and adapted for Jersey.
2. The C&AG is making the tool available to support entities in drafting their 2021 annual reports.
3. The C&AG also invites entities to email the completed tool to the Jersey Audit Office at [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je). If entities send the completed tool, the C&AG will use it to inform her review of their annual report and in providing feedback to the entity. Please only send the C&AG self-assessments of your final version of your entity's annual reports. The C&AG is unable to comment on self-assessments of draft versions.

## Self-assessment tool – summary scores

Area	Mark available	Mark awarded	Commentary
Overall Content	3		
Performance Report	11		
Accountability Report	32		
Best Practice Principles	13		
Key Focus Areas	22		
<b>Total</b>	<b>81</b>		

4. In addition to the scored areas, the C&AG is encouraging entities to enhance their sustainability reporting and disclosures. The self-assessment tool contains a useful reminder of good practice for climate related disclosures.

## Overall Content

	Criteria	Mark available	Mark awarded	Commentary
	<b>Overall content</b>			
1.	<p>The annual report and accounts include:</p> <ul style="list-style-type: none"> <li>• a performance report</li> <li>• an accountability report; and</li> <li>• the financial statements.</li> </ul>	3		
	<b>Total for overall content</b>	<b>3</b>		

## Performance Report

	Criteria	Mark available	Mark awarded	Commentary
	<b>Performance Report</b>			
2.	Performance reporting is fair, balanced and understandable.	1		
3.	The performance report tells the full story of the entity, including both positive and negative aspects of performance, so that users can have confidence in any judgements and so that it is clear that reporting is trustworthy and transparent.	1		
4.	The performance report is signed and dated by the Accountable Officer or Chief Executive.	1		
5.	<p>The performance report contains:</p> <ul style="list-style-type: none"> <li>• a statement of the purpose and activities of the entity, including: <ul style="list-style-type: none"> <li>○ a brief description of the business model and environment</li> <li>○ organisational structure and priorities; and</li> <li>○ any other organisational strategic objectives and goals</li> </ul> </li> <li>• a statement from the entity's lead Minister or Chief Executive providing their perspective on the performance of the entity over the period</li> <li>• the key issues and risks that could affect the entity in delivering its objectives, how they have changed, how they have been mitigated and any emerging risks that may affect future performance</li> <li>• an explanation of the adoption of the going concern basis where this</li> </ul>	8		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Performance Report</b>			
	<p>might be called into doubt, for example where there are significant net liabilities that will be financed from resources voted by States Assembly in the future</p> <ul style="list-style-type: none"> <li>• a performance analysis showing how the entity has performed against priorities (and any other organisational strategic objectives and goals) using qualitative and quantitative information and prior year trend information where possible. Performance data for each of the indicators used to monitor performance against priority outcomes should be provided. Any financial information provided should link to the financial review</li> <li>• a financial review, detailing financial performance</li> <li>• non-financial information including on environmental protection, social responsibility, respect for human rights, anti-corruption and anti-bribery matters and diversity; and</li> <li>• information on environmental matters including the impact of the entity's business on the environment and identifying where their performance contributes towards the delivery of Sustainable Development Goals (SDGs).</li> </ul>			
	<b>Total for performance report</b>	<b>11</b>		

## Accountability Report

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
6.	The accountability report has been signed and dated by the Accountable Officer or Chief Executive.	1		
7.	The accountability report has at least two sections: <ul style="list-style-type: none"> <li>• a corporate governance report; and</li> <li>• a remuneration and staff report.</li> </ul>	2		
8.	The entity has provided a short overview of these sections and explains how they contribute to the entity's accountability, compare with best practice and compare with corporate governance norms and codes.	1		
9.	The corporate governance report explains the composition of the entity's governance structures and how they support the achievement of the entity's objectives. As a minimum it includes: <ul style="list-style-type: none"> <li>• the directors' report</li> <li>• a statement of the Accountable Officer's/directors' responsibilities; and</li> <li>• a governance statement.</li> </ul>	3		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
10.	<p>The directors' report (or equivalent) includes:</p> <ul style="list-style-type: none"> <li>the names of the Chair and Chief Executive unless disclosed elsewhere in the annual report</li> <li>the composition of the management board (or equivalent) (including advisory and non-executive members) having authority or responsibility for directing or controlling the major activities of the entity during the year. This means those who influence the decisions of the entity as a whole, rather than the decisions of individual directorates or sections within the reporting entity</li> <li>details of entity directorships and other significant interests held by members of the management board (or equivalent) which may conflict with their management responsibilities. Where a Register of Interests is available online, a web link may be provided instead of a detailed disclosure in the annual report; and</li> <li>information on personal data related incidents where these have been formally reported to the Jersey Office of the Information Commissioner or confirmation that no incidents have been report.</li> </ul>	4		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
11.	<p>The statement of Accountable Officer's or Chief Executive's responsibilities includes:</p> <ul style="list-style-type: none"> <li>• an explanation of the responsibilities of the Accountable Officer or Chief Executive</li> <li>• a statement to confirm that, as far as he or she is aware, there is no relevant audit information of which the entity's auditors are unaware, and that the Accountable Officer/directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information; and</li> <li>• a statement from the Accountable Officer/directors to confirm that the annual report and accounts document as a whole is fair, balanced and understandable and that he or she takes personal responsibility for the annual report and accounts document and the judgements required for determining that it is fair, balanced and understandable.</li> </ul>	3		



	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
12.	<p>The governance statement includes:</p> <ul style="list-style-type: none"> <li>• the governance framework of the entity, including information about the board’s (or equivalent) committee structure, its attendance records and the coverage of its work</li> <li>• the board’s (or equivalent) performance, including its assessment of its own effectiveness</li> <li>• highlights of board committee (or equivalent) reports, notably by the audit and nomination committees</li> <li>• an account of corporate governance, including the board’s (or equivalent) assessment of its compliance with a relevant corporate governance code, with explanations of any departures</li> <li>• information about the quality of the data used by the board (or equivalent), and why the board finds it acceptable; and</li> <li>• a risk assessment, including the entity’s risk profile, and how it is managed, including, subject to a public interest test (and where relevant): <ul style="list-style-type: none"> <li>○ any newly identified risk</li> <li>○ a record of any Ministerial Instructions given; and</li> <li>○ a summary of any significant lapses of protective security (for example, data losses).</li> </ul> </li> </ul>	6		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
13.	<p>The accountability report includes a remuneration and staff report detailing:</p> <ul style="list-style-type: none"> <li>• the policy on the remuneration of directors (or equivalent) for the current and future years</li> <li>• each component and the overall single total remuneration figure for each director (or equivalent). The components of the single total remuneration figure are: <ul style="list-style-type: none"> <li>○ salary and allowances</li> <li>○ performance pay or bonuses payable</li> <li>○ non-cash benefits</li> <li>○ accrued pension benefits; and</li> <li>○ compensation for loss of office and other severance payments</li> </ul> </li> <li>• the following information together with prior year comparatives where readily available: <ul style="list-style-type: none"> <li>○ for each of salary and allowances, performance pay and bonuses payable and non-cash benefits: <ul style="list-style-type: none"> <li>▪ the percentage change from the previous financial year in respect of the highest paid director (or equivalent); and</li> <li>▪ the average percentage change from the previous financial year in</li> </ul> </li> </ul> </li> </ul>	3		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
	<p>respect of the employees of the entity taken as a whole</p> <ul style="list-style-type: none"> <li>○ the lower quartile, median and upper quartile remuneration of the reporting entity's staff. This is based on annualised, full-time equivalent remuneration of all staff, including temporary and agency staff, as at the reporting date</li> <li>○ the range of staff remuneration</li> <li>○ the ratio between the lower quartile, median and upper quartile staff remuneration and the mid-point of the banded remuneration of the highest paid director (or equivalent); and</li> <li>○ an explanation for any significant changes in the ratios between the current and prior year.</li> </ul>			
14.	<p>The staff report includes the following information:</p> <ul style="list-style-type: none"> <li>● number of senior staff (or equivalent) by band</li> <li>● staff numbers and costs providing an analysis of staff costs and numbers, distinguishing between: <ul style="list-style-type: none"> <li>○ staff with a permanent employment contract with the entity; and</li> </ul> </li> </ul>	9		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
	<ul style="list-style-type: none"> <li>○ other staff engaged on the objectives of the entity. For example, short term contract staff, agency/temporary staff, locally engaged staff, overseas staff and inward secondments where the entity is paying the whole or the majority of their costs (where the number of staff under any one category of 'other staff' is significant, that category should be separately disclosed)</li> <li>● staff composition, providing an analysis of the number of persons of each gender who were directors, senior officers and employees of the entity</li> <li>● sickness absence data</li> <li>● staff policies applied during the financial year: <ul style="list-style-type: none"> <li>○ for giving full and fair consideration to applications for employment by the entity made by disabled persons, having regard to their particular aptitudes and abilities</li> <li>○ for continuing the employment of, and for arranging appropriate training for, employees of the entity who have become disabled persons during the period when they were employed by the entity; and</li> </ul> </li> </ul>			

	Criteria	Mark available	Mark awarded	Commentary
	<b>Accountability Report</b>			
	<ul style="list-style-type: none"> <li>○ otherwise for the training, career development and promotion of disabled persons employed by the entity</li> <li>● other employee matters – such as: other diversity issues and equal treatment in employment and occupation; employment issues including employee consultation and/or participation; health and safety at work; trade union relationships; and human capital management such as career management and employability, pay policy etc.</li> <li>● expenditure on consultancy</li> <li>● off-payroll engagements – summary data on the use of off-payroll arrangements; and</li> <li>● exit packages – summary data on the use of exit packages agreed in year.</li> </ul>			
	<b>Total for accountability report</b>	<b>32</b>		

## Best Practice Principles

	Criteria	Mark available	Mark awarded	Commentary
	<b>Best Practice Principles</b>			
15.	Accountability: <ul style="list-style-type: none"> <li>telling the story of the entity in a fair and balanced way</li> <li>compliance with the relevant reporting requirements; and</li> <li>clear action points to take forward.</li> </ul>	3		
16.	Transparency: <ul style="list-style-type: none"> <li>frank and honest analysis</li> <li>consideration of the challenges the entity is facing</li> <li>appropriate use of data; and</li> <li>quantification of risks and performance measures.</li> </ul>	4		
17.	Accessibility: <ul style="list-style-type: none"> <li>highlights key financial statement trends within the narrative</li> <li>concise summaries of key points; and</li> <li>consideration of how the entity engages with key stakeholders and meets their needs.</li> </ul>	3		
18.	Understandable: <ul style="list-style-type: none"> <li>plain English to explain difficult concepts</li> <li>infographics and diagrams to communicate important messages; and</li> <li>clearly integrated report structure to help users navigate it effectively.</li> </ul>	3		
	<b>Total for best practice principles</b>	<b>13</b>		

## Key Focus Areas

	Criteria	Mark available	Mark awarded	Commentary
	<b>Key Focus Areas</b>			
19.	<p>Strategy:</p> <ul style="list-style-type: none"> <li>• clarity around purpose, strategic objectives and key programmes/projects</li> <li>• balanced view of progress against objectives</li> <li>• details of plans to implement priorities; and</li> <li>• strategy clearly linked to performance measures and risks.</li> </ul>	4		
20.	<p>Risks:</p> <ul style="list-style-type: none"> <li>• clear articulation of the entity's risk management process</li> <li>• risks reflect the external environment and implications for the entity (for example, the COVID-19 pandemic)</li> <li>• clear links between risks, strategic objectives and the annual report narrative</li> <li>• quantified risks and realistic planned and implemented mitigations; and</li> <li>• discussion about how the dynamic of the risk profile has changed over time, including developments in relation to specific risks disclosed.</li> </ul>	5		

	Criteria	Mark available	Mark awarded	Commentary
	<b>Key Focus Areas</b>			
21.	<p>Operations:</p> <ul style="list-style-type: none"> <li>discussion of the different delivery models, the reasons for using these models and how they achieve value for money</li> <li>narrative around how business operations support wider Government (or other) objectives</li> <li>for significant contracted-out services, discussion of how these contracts are awarded and how the entity manages the ongoing contract; and</li> <li>consideration of capital investment and how it achieves value for money.</li> </ul>	4		
22.	<p>Governance:</p> <ul style="list-style-type: none"> <li>narrative which clearly demonstrates the governance structure and tone from the top; and</li> <li>transparent information about how the board (or equivalent) works effectively to govern the entity.</li> </ul>	2		
23.	<p>Measures of success:</p> <ul style="list-style-type: none"> <li>quantified key performance indicators (KPIs) aligned to strategic objectives</li> <li>balanced assessment of goals achieved and performance against targets; and</li> <li>graphics used to illustrate performance.</li> </ul>	3		



	Criteria	Mark available	Mark awarded	Commentary
	<b>Key Focus Areas</b>			
24.	Financial performance: <ul style="list-style-type: none"> <li>• an understandable and fair reflection of financial performance which is consistent with the underlying financial statements; and</li> <li>• discussion of actual performance against expected/budgeted performance.</li> </ul>	2		
25	External factors: <ul style="list-style-type: none"> <li>• an annual report that considers the external drivers that influence and impact on current objectives (including factors such as the COVID-19 pandemic and the UK's EU Exit); and</li> <li>• innovative reporting on sustainability and climate change.</li> </ul>	2		
	<b>Total for key focus areas</b>	<b>22</b>		

## Climate Related Disclosures

The Taskforce on Climate-related Financial Disclosures (TCFD) was established in December 2015 by the Financial Stability Board. While reporting using the TCFD recommended disclosure framework is not currently mandatory, several companies across the world have begun to use this as a disclosure framework. The TCFD recommended disclosures are shown below.

<b>Governance</b>	<b>Strategy</b>	<b>Risk Management</b>	<b>Metrics and Targets</b>
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Disclose how the organisation identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
<b>Recommended disclosures</b>			
a) Describe the Board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	a) Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	b) Describe the organisation's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2 degree or lower scenario.	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Source: Recommendations of the Task Force on Climate-related Financial Disclosures



JERSEY AUDIT OFFICE

LYNN PAMMENT

Comptroller and Auditor General

Jersey Audit Office, de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT  
T: +44 1534 716800 E: [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je) W: [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je)