

Thursday 7 December 2017

Weaknesses identified in the management of grants and subsidies

Comptroller and Auditor General issues latest report

Comptroller and Auditor General (C&AG), Karen McConnell, has today (07 December 2017) published a report into Grants and Subsidies.

The report builds on the C&AG's review of Arm's Length Organisations published in June 2017. Even excluding individual grants over £75,000, most of which fell within the scope of this earlier report, the States of Jersey spent over £5 million on grants and subsidies in 2016. Use of grants to third parties is an important means by which public sector bodies deliver their policy objectives. To ensure that those objectives are secured economically, efficiently and effectively it is important to have the right controls in place, from design of grant schemes through to evaluation of their impact.

Karen McConnell found that, although there were some examples of good practice, there was significant scope for improvement:

- there was ambiguity about what constitutes a grant, leading to the treatment as grants of what are actually contractual payments. The use of an inappropriate control framework can lead to a failure to achieve value for money;
- there is insufficient corporate oversight of the award of grants. There is no analysis of grant payments across different schemes to identify the total public support to individual recipients and evaluate whether such support is in line with the overall objectives of the States;
- there were fundamental weaknesses in the operational management of grants; and
- there was inadequate evidence of a consistent corporate culture that gave sufficient priority to effective management of grants in accordance with corporate standards.

Karen McConnell said:

“I am concerned that there are weaknesses in the management of grants and that:

- taken together, the weaknesses are significant and mean that the States are not able to demonstrate that value for money is secured from expenditure on grants; and
- in some parts of the States a culture was tolerated that allowed such weaknesses to persist, even after Internal Audit made recommendations for improvement. Although these issues have been highlighted within Economic Development, Tourism, Sport and Culture, there is room for improvement in other departments.

“Too often weaknesses in arrangements have been identified but prompt and effective action has not been taken. However, In October 2017, the recently appointed Accounting Officer for Economic Development, Tourism, Sport and Culture wrote to the Treasurer of the States highlighting not only significant issues relating to grant expenditure but also a lack of capacity within the Department to address them. He also outlined the work in place to address the weaknesses in control. I welcome this positive commitment to change.

“I also welcome both the decision to develop a new Financial Direction covering grants, which I understand will be issued shortly, and the focus of Internal Audit on this area. But development of the Financial Direction and reporting by Internal Audit will not be sufficient to enable the States to demonstrate that value for money is consistently being secured from grant expenditure. That will require effective roll-out of new arrangements and implementation of recommendations. Crucially it will also require a consistent understanding of the elements of good practice in the management of grants and a culture of learning so that good practice is shared and consistently applied across the States.”

The report will be available on the Jersey Audit Office’s website from 0930 on 07 December at (www.jerseyauditoffice.je).

ENDS

For further information, please contact:

Rozena Pedley

M: 00 44 7797 733553 / T: 00 44 1534 629800

E: rozena.pedley@jerseyauditoffice.je



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 and wider consideration of public funds, often expressed as 'value for money'
- Karen McConnell was appointed in 2013 and the term of office was extended in 2014 to December 2019
- Formerly of the UK Audit Commission ('the Commission'), Karen held a variety of senior positions, including leading the Audit Practice
- The Office of Comptroller & 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

Comptroller and Auditor General's Policy regarding issue of reports and contact with the media:

- Press releases will be published by the Jersey Audit Office to accompany the publication of each report
- Embargo times, where set, will be at 0001 hours on the day of publication - for press releases, reports and all other information pertaining to the publication date
- Other press releases/ statements may be made on an occasional basis and not necessarily dependent upon the publication of a report. They will be subject to the same embargoes where set
- With any report issued, the opportunity is available for members of the press to request factual clarification, by email, of points contained therein
- Any comments made additional to any reports, will be included within any press release(s) as issued by the Jersey Audit Office, in the form of a quotation by the C&AG. These comments will be available for publication; but there will not be any supplementary live or pre-recorded interviews offered or undertaken by either Karen McConnell or the employees of the Jersey Audit Office
- The C&AG is prepared, on an occasional basis, to provide articles for publication in the local media, following a specific request and consideration of the relevant topic
- All public information, including press releases and reports, are accessible on the Jersey Audit Office website at www.jerseyauditoffice.je

ENDS