

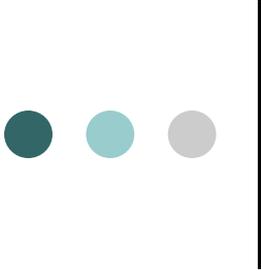


The C&AG – reporting to the States Assembly, supporting PAC

Karen McConnell
Comptroller & Auditor General

22 May 2018





We will look at...

- Who we are
- What we are there to do
- How we work with you
- How we report
- What we don't do
- What we have found
- Where to find out more



Who we are



JERSEY AUDIT OFFICE



The C&AG operates through the Jersey Audit Office comprising...

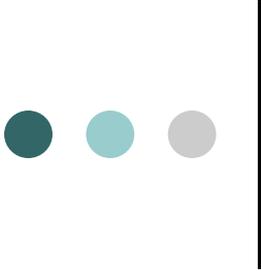
- A small team
- On part-time or call off contracts
- With a range of skills
- Providing public audit
- Operating from a small serviced office on Castle Street
- With access to wider expertise when needed





What we are there to do





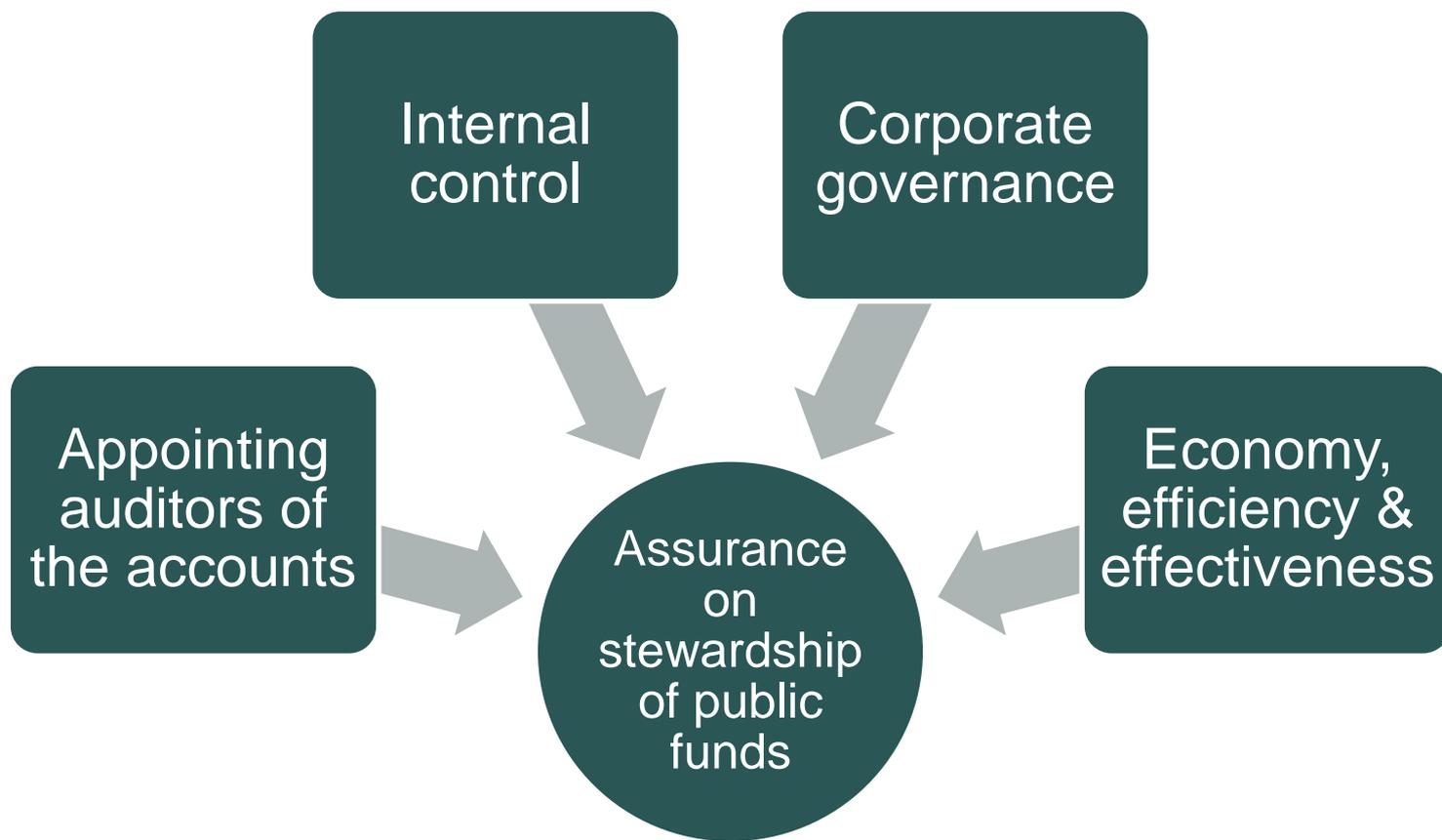
What we are there to do ...

‘It is the duty of the Comptroller and Auditor General to provide the States with independent assurance that ... the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Public Finances Law ...’

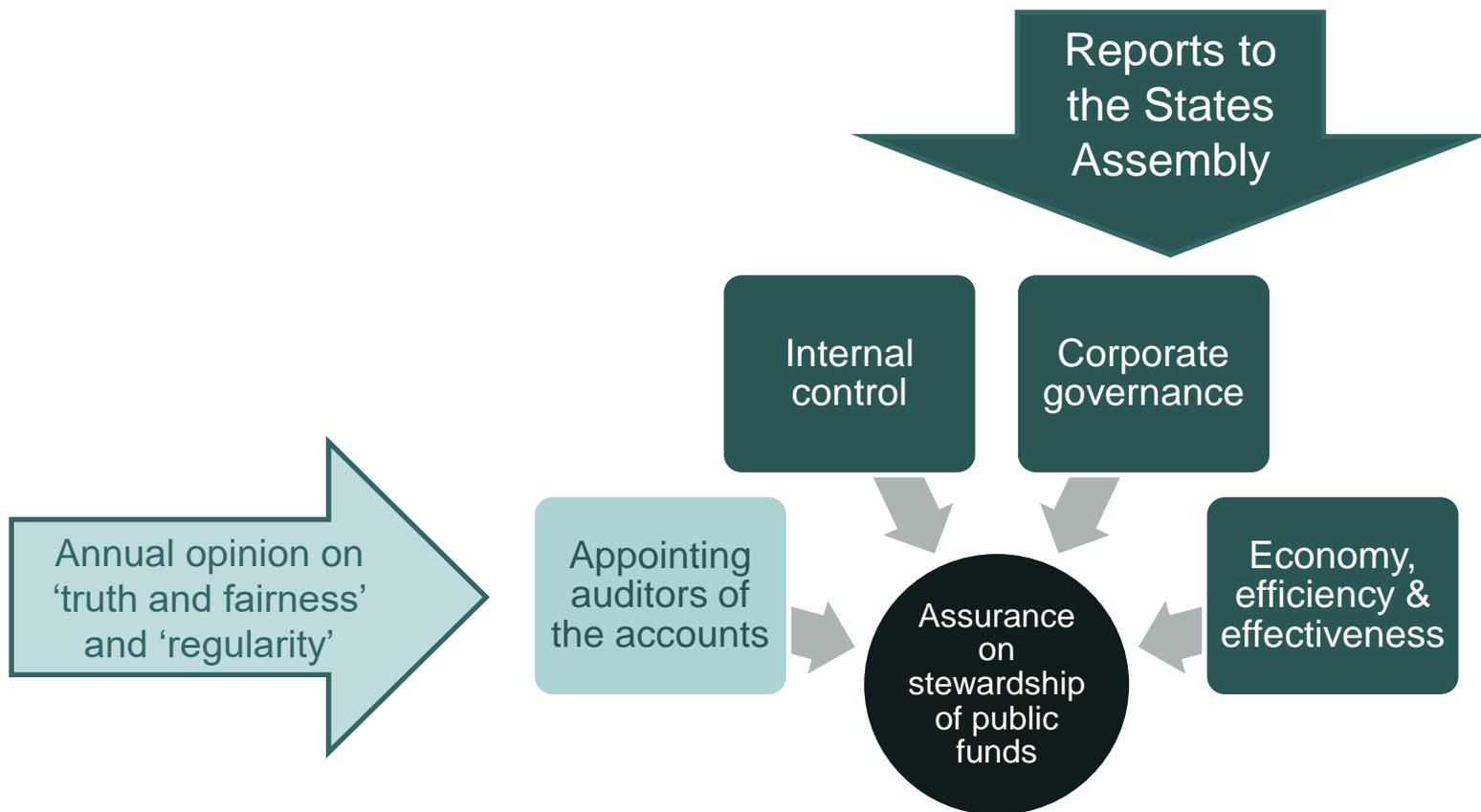
Comptroller and Auditor General (Jersey) Law 2014



What we are there to do ...



What we are there to do ...





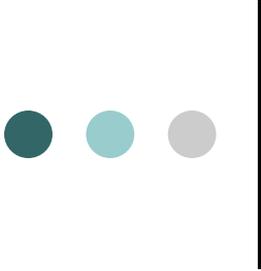
How we work with you



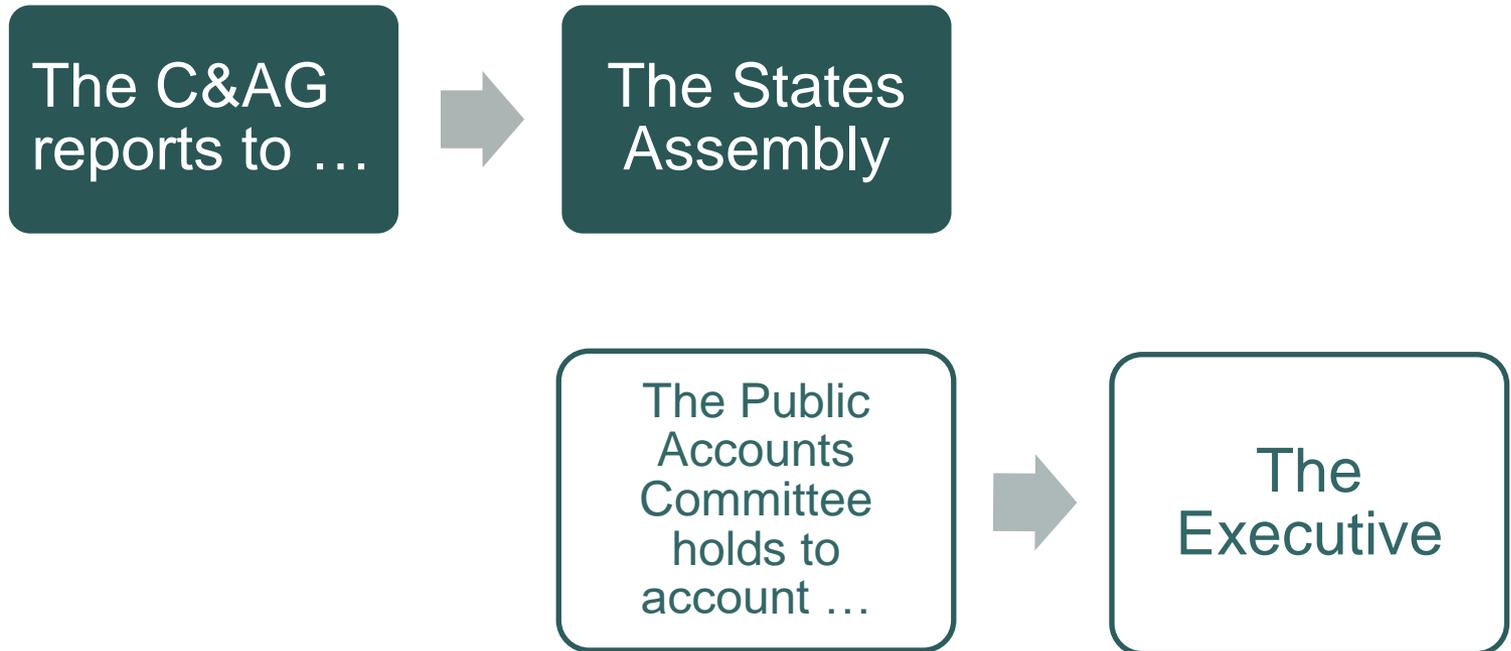
JERSEY AUDIT OFFICE

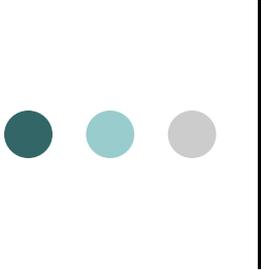
How our work supports PAC

| | Focus | |
|-----------------|---------------------------|---------------------------------|
| | Policy | Implementation |
| Body | Scrutiny Panels | Public Accounts Committee |
| Hold to account | Ministers | Officers |
| Relying on | Experts supporting panels | Comptroller and Auditor General |



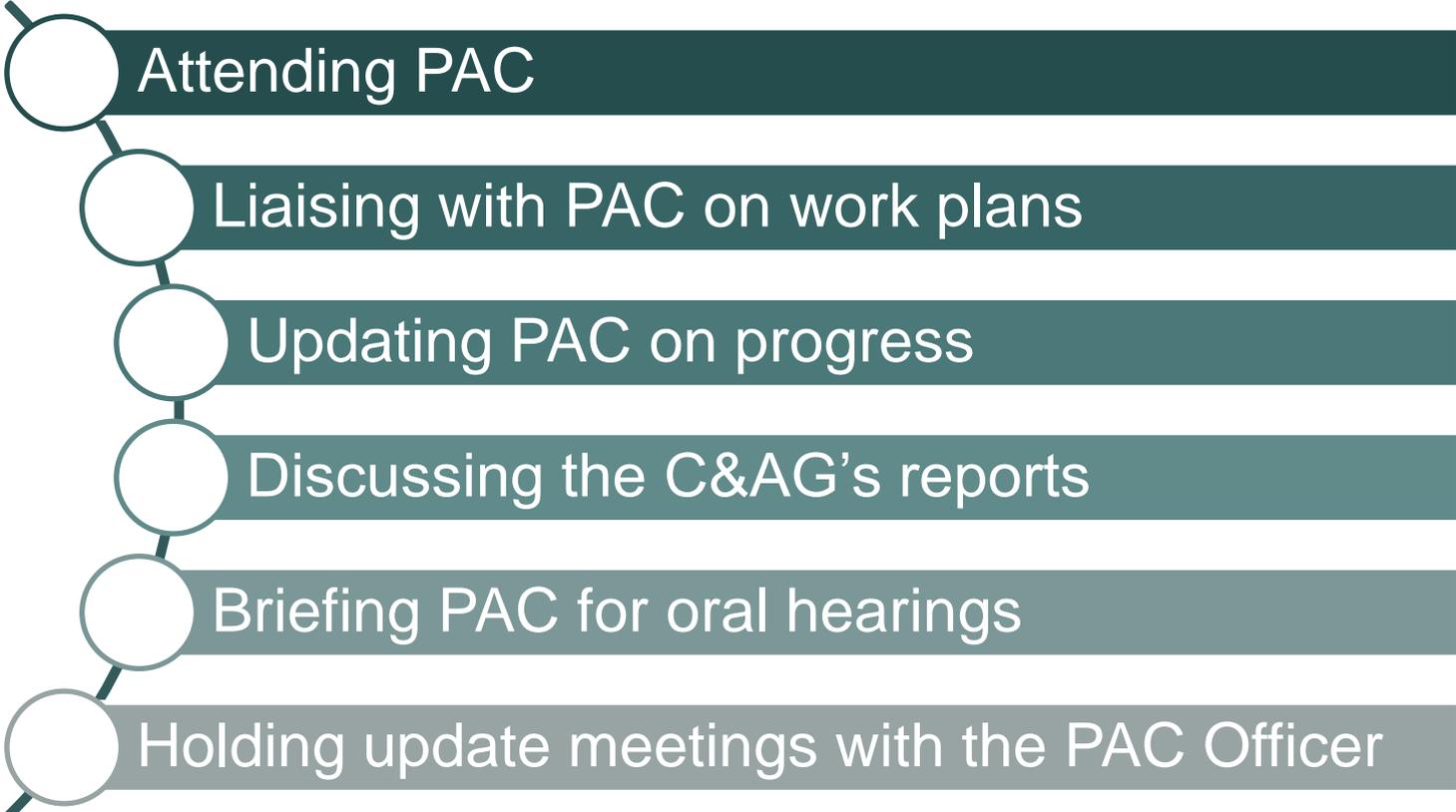
How our work supports the States Assembly

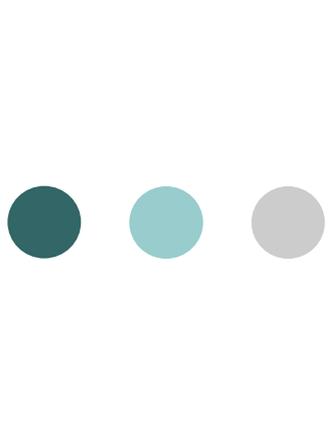




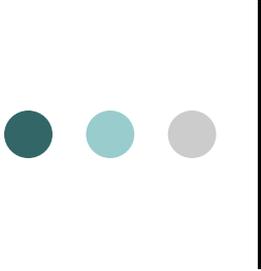
The C&AG engages with PAC by

...

- 
- Attending PAC
 - Liaising with PAC on work plans
 - Updating PAC on progress
 - Discussing the C&AG's reports
 - Briefing PAC for oral hearings
 - Holding update meetings with the PAC Officer



How we report



Our reporting ...

Is without fear or
favour

Is constructive and
positive

Is in public

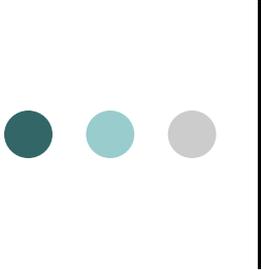
Is supportive and
encouraging of
change

Recognises costs
and benefits



What we don't do





We don't ...

- Look at everything
- Consider the merits of policy
- Report back to individuals
- Determine complaints
- Implement change





What we have found





PAC and the C&AG have identified key themes ...

Organisational
culture

Decision
making

Corporate
learning

Financial
management

Financial
Directions

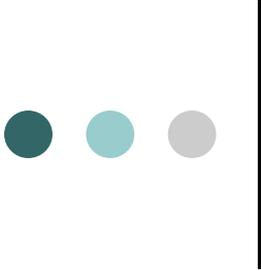
Management
information

eGovernment

Performance
management

Governance





Theme 1: organisational culture

Why does it matter?

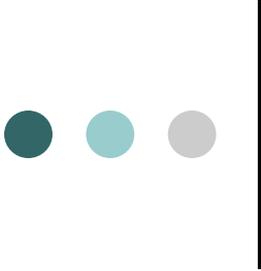
Working together as one forward looking organisation for a common purpose drives worthwhile change for customers, taxpayers and staff.

Financial management 1 (also PAC)

- Weak collective responsibility for financial management
- Financial management culture not embedded across the States
- Weak corporate core – departmental silos

Arm's length organisations (ALOs)

- No routine linkage to strategic objectives
- No structured periodic review
- Insufficient separation of policy development and oversight



Theme 2: decision making

Why does it matter?

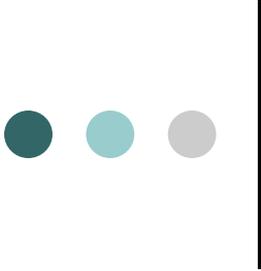
Clarity about what needs to be decided, on what basis, by whom, with what information drives efficiency and effectiveness.

Decision making: Future Hospital site

- Weaknesses in roles, responsibilities and accountabilities
- Too often the right tools, resources and approaches not in place
- Basic operational imperatives e.g. accurate relevant information not in place on a timely basis.

Jersey Innovation Fund (also PAC)

- Significant weaknesses in framework - Operational Terms of Reference and Financial Direction
- Significant weaknesses in operation of framework e.g. engagement of experts, monitoring of loans, reporting



Theme 3: corporate learning

Why does it matter?

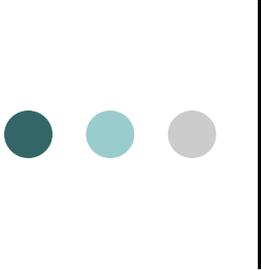
High performing organisations embrace learning, building on experience to do things better and transferring learning from one part of the organisation to another.

Community and Social Services

- Lots of reviews of and focus on Children's Services
- Very limited reading across to Adult and Older Adult Services
- Important to manage across C&SSD for 'business as usual' and to drive change and promote joint working.

Arm's length organisations

- Management relationship with ALOs undertaken departmentally
- Scope for consistent processes not secured
- Messages from previous review of States as Shareholder not considered



Theme 4: financial management

Why does it matter?

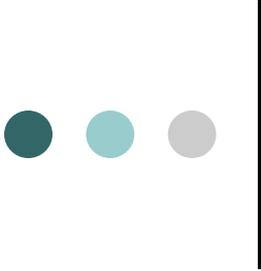
High performing organisations manage money efficiently alongside other resources. They give managers the information and skills to manage money and provide perceptive support to them.

Financial management 1 (also PAC)

- Poor linkage of financial management to performance management
- Rigid MTFP not fit for purpose

Financial management 2 (also PAC)

- Need for investment in modern, user friendly systems and processes
- Departmental finance functions do not secure full benefit from finance staff
- Upskilling of financial and non-financial managers imperative
- Need for fundamental review of finance function across the States leading to change



Theme 5: Financial Directions

Why does it matter?

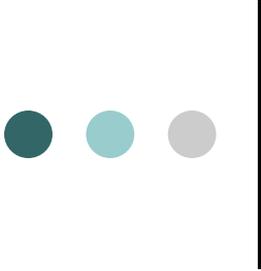
Organisations need clear, understandable and proportionate rules, which are communicated, easy to understand and easy to monitor. Compliance with such rules promotes good governance.

Financial Directions

- Overly long, detailed and impenetrable
- Compliance inconsistent
- Not embedded part of culture

Jersey Innovation Fund (also PAC)

- Financial Direction adopted risk appetite inconsistent with that advised to the States before they adopted the proposition to establish the Fund



Theme 6: management information

Why does it matter?

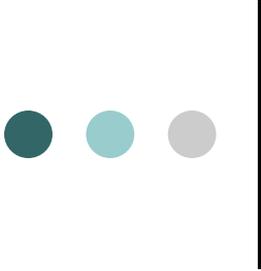
Without complete, accurate and relevant information, the best decisions cannot be made and performance cannot be monitored.

Financial management 2 (also PAC)

- Weak integration of financial and non-financial performance information
- Heavy reliance on legacy system and bolt-ons
- Holes in routine financial reporting
- Scope for faster reporting

Use of management information: utilisation of operating theatres

- Key Performance Indicators not identified
- No accountabilities for data quality
- Derivation of some indicators misleading
- Full potential of existing system not secured



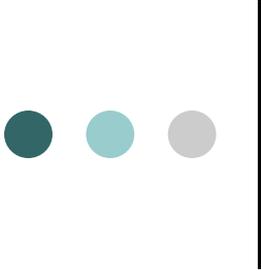
Theme 7: eGovernment

Why does it matter?

Using information and communication technology to engage with and empower citizens is central to securing a step change in public services.

eGovernment (also PAC)

- Corporate weaknesses
- Absence of clear understanding of Public Sector Reform
- Absence of effective corporate planning
- High volume of legacy systems
- Weaknesses in programme and project management
- Weaknesses in risk management arrangements
- Departmentalism
- Weak 'learning culture'



Theme 8: Performance management

Why does it matter?

High performing organisations have effective arrangements for monitoring and measuring performance against objectives and assessing the performance of individual members of staff

Financial management 1 & 2 (also PAC)

- No States wide corporate plan
- No integration of financial and non-financial reporting
- Targets for financial management not cascaded
- No developed performance management culture

States as shareholder

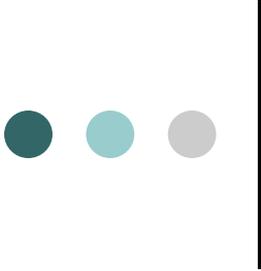
- No suite of KPIs linked to objectives of ownership

Arm's length organisations

- KPIs not consistently collated or used

Follow up of utilisation of compromise agreements

- Weaknesses in cascading corporate objectives into objectives against which to evaluate the performance of senior staff



Theme 9: Governance

Why does it matter?

Clear accountability, through appropriate structures for decision making and scrutiny, is central to delivery of high quality public services.

Decision making: Future Hospital site

- Pre-feasibility and feasibility phases blurred
- Mechanisms for involvement of ministers weak

Governance of States of Jersey Police

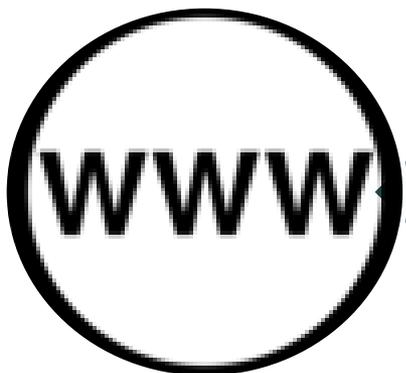
- Police Authority provided a valuable strengthening of governance arrangements
- Not resourced or equipped to perform function to best effect



Where to find out more



● ● ● | You can find out more ...



Our website

- jerseyauditoffice.je



Writing to us

- enquiries@jerseyauditoffice.je