

Office of the Comptroller and Auditor General
Non-Ministerial Departments

5 December 2019



JERSEY AUDIT OFFICE

Non-Ministerial Departments

Introduction

- 1.1 Jersey has a range of individual bodies described as Non-Ministerial Departments. They have diverse roles and operate under different legislation. The common feature is that accountability does not lie to Ministers. Accountable Officers for Non-Ministerial Departments, usually the Chief Officers, are accountable directly to the States Assembly (through the Public Accounts Committee). For 2018 the total net revenue expenditure for these departments totalled over £27 million (see Exhibit 1).

Exhibit 1: Non-Ministerial Departments: Final net revenue expenditure for 2018

	£000
Bailiff's Chambers	1,888
Law Officers' Department	8,123
Judicial Greffe	6,377
Viscount's Department	1,142
Official Analyst	602
Office of the Lieutenant Governor	776
Data Protection Commission	681
Probation Department (operationally known as the Probation and After-Care Service)	2,036
Comptroller and Auditor General	779
States Assembly and its services	5,301
Total	27,705

Source: States of Jersey Annual Report and Accounts 2018

- 1.2 Despite the variation in size of Non-Ministerial Departments, the requirement for public accountability of public funds is the same. Indeed, given the roles that many of the Non-Ministerial Departments perform it is imperative that their use of public funds is, and can be seen to be, beyond reproach.
- 1.3 In securing appropriate accountability it is important that:
- arrangements ensure both operational independence and appropriate scrutiny;

- differences in governance and accountability arrangements for different services can be justified;
- arrangements are regularly reviewed and where appropriate strengthened; and
- consistent with maintaining and improving operational independence, opportunities to achieve value for money (VFM) are taken. Achieving VFM includes effective and, where appropriate, collaborative arrangements for support services.

Objectives and scope

1.4 The review addresses two inter-related issues. It:

- critically evaluates the arrangements for governance and accountability of Non-Ministerial Departments, including differences in arrangements between Non-Ministerial Departments; and
- evaluates the effectiveness of support services to Non-Ministerial Departments and the scope for improvement, including through collaboration.

1.5 The review extends to all Non-Ministerial States funded bodies as defined in legislation other than the Office of the Comptroller and Auditor General. The exclusion of the Office of the Comptroller and Auditor General from the scope of the review is because, under the Code of Audit Practice, the Comptroller and Auditor General cannot review her own Office.

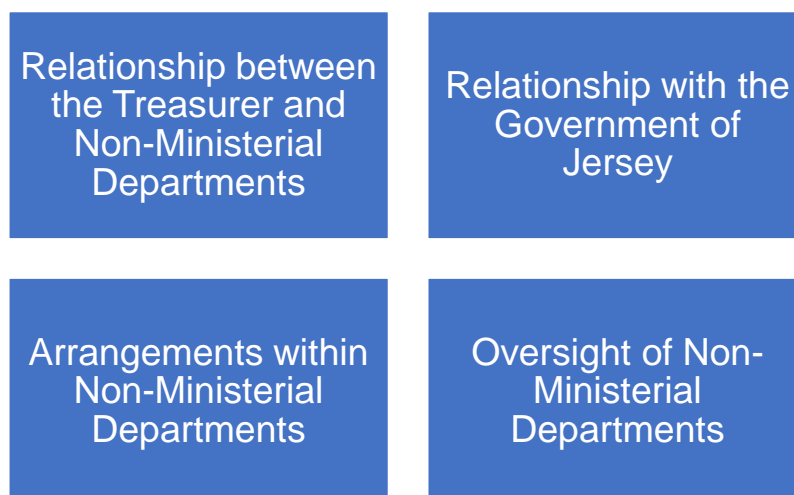
1.6 The review has:

- focussed on the larger Non-Ministerial Departments (Probation and After-Care Service, the Viscount's, Judicial Greffe, Law Officers', Bailiff's Chambers and the States Greffe). However, the overall findings about governance, accountability and effectiveness of support services relate to all Non-Ministerial Departments within the scope of the review; and
- in reviewing the effectiveness of support services and the opportunities for improvement, focussed mainly on the finance function while recognising that similar considerations apply to other support services such as human resources and information technology.

Governance and accountability of Non-Ministerial Departments

2.1 In evaluating the governance and accountability of Non-Ministerial Departments, I have focussed on four areas (see Exhibit 2).

Exhibit 2: Governance and accountability of Non-Ministerial Departments: areas of focus



Relationship between the Treasurer of the States and Non-Ministerial Departments

2.2 There are established statutory arrangements for the financial management of Non-Ministerial Departments:

- The States Assembly makes available financial resources to Non-Ministerial Departments through the Government Plan, an annual process that, as a result of the Public Finances (Jersey) Law 2019, has replaced the multi-year Medium Term Financial Plan. The legislation reflects the special position of the Non-Ministerial Departments in that the draft Government Plan submitted to the States Assembly must include the revenue allocations proposed by each Non-Ministerial Department (or, in the case of the States Greffe, by the Chairman of the States Assembly's Privileges and Procedures Committee).
- The 2019 Law continues the Office of the Treasurer of the States. The Treasurer's responsibilities extend beyond the Government of Jersey. The Treasurer is responsible to the Minister for Treasury and Resources for:
 - supervising the administration of the Public Finances (Jersey) Law 2019;
 - ensuring the proper stewardship and administration of the public finances of Jersey; and
 - establishing a system of internal auditing in support of that stewardship and administration.

- The statutory framework set out in the 2019 Law is supported by a Public Finances Manual issued by the Minister for Treasury and Resources and including 'directions and information with respect to the proper administration of [the 2019] Law and of the public finances in Jersey.' Following the coming into force of the 2019 Law, a draft Public Finances Manual has been prepared that is due to replace the Financial Directions issued under the previous Public Finances (Jersey) Law 2005.
- Under the 2019 Law each Non-Ministerial Department has an Accountable Officer, usually its Chief Officer, who has a personal responsibility for ensuring propriety and regularity of their department's finances and ensuring that resources are used economically, efficiently and effectively. In contrast to the case of Ministerial Departments there is no line of accountability for Accountable Officers to the Principal Accountable Officer, a position held by the Chief Executive of the Government of Jersey.

2.3 I have identified some weaknesses in both the design and operation of this framework for financial accountability in so far as it relates to Non-Ministerial Departments:

- an important part of the arrangements relating to the preparation of the States' Annual Report and Accounts is the preparation of Governance Statements and returns by Accountable Officers. Although these Statements and returns were completed by Non-Ministerial Departments and subject to a desktop review by Treasury and Exchequer with support from Internal Audit, there are no arrangements in place within Treasury and Exchequer to verify their accuracy;
- although Financial Directions required the operation of risk management procedures in all departments, including Non-Ministerial Departments, support for Non-Ministerial Departments in this potentially complex area has been limited. There have been periodic meetings between Treasury and Exchequer and Non-Ministerial Departments but these were not held during a period of transformation in Treasury and Exchequer. Liaison has recently been formalised through the establishment of the Non-Ministerial Risk and Governance Forum, comprising officers from Treasury and Exchequer and Non-Ministerial Departments. These meetings now form part of wider meetings chaired by the Director General for Strategic Policy, Performance and Population that I discuss later in this report;
- the important statutory requirement for the submission of estimates for the States Greffe by the Chairman of the States Assembly's Privileges and Procedures Committee was not reflected in the formal timetables for the preparation of the Government Plan. Instead, the States Greffe was treated as if it were any other department. However, the Privileges and Procedures Committee did approve the estimates for the States Greffe for inclusion in the Government Plan 2020 – 2023;
- officers in Non-Ministerial Departments have reported requests from Treasury and Exchequer for submissions on very short timetables. This has been the experience even where the need for the submission could have been identified well in advance, as in the case of the preparation of

the Government Plan 2020 – 2023. I identified one example of an ambiguously worded request for information where a reply was required within three hours. Responding on accelerated timetables is more challenging for small departments that are reliant on a limited number of key officers with competing priorities who may not be able to divert their attention at short notice. Non-Ministerial Departments also reported that there were areas where information was not requested in a consistent format and that some information submitted was mislaid; and

- some requests for information are not appropriately tailored for the circumstances of Non-Ministerial Departments. For example, the Governance Assurance Statement circulated for completion by Accountable Officers of Non-Ministerial Departments in connection with the 'hard close' of the States' accounts to 30 September 2019 made inappropriate references to the 'Government of Jersey'.

Relationship with the Government of Jersey

2.4 The Non-Ministerial Departments for constitutional reasons, sit outside the Government of Jersey. However, corporate functions, such as Human Resources, Information Technology and Estates Management as well as Finance, sit within the Government. There is therefore an important interaction between the Non-Ministerial Departments and the Government.

2.5 The Director General for Strategic Policy, Performance and Population has instituted regular meetings with the Non-Ministerial Departments as a group. Reading the agendas these meetings focus on sharing information with the Non-Ministerial Departments on initiatives within the Government of Jersey.

2.6 I welcome these meetings that provide structured liaison on a wider basis than before. However, I believe that more benefit would be secured if:

- there was a clear, documented, shared understanding of the relationships between the Government of Jersey and the Non-Ministerial Departments reflecting their different functions, size and applicable statutory provisions. I have seen many documents that do not reflect the constitutional position and purport to apply Government of Jersey standards to Non-Ministerial Departments automatically;
- there were agreed Terms of Reference for and attendance at liaison meetings between the Government of Jersey and Non-Ministerial Department. Greatest value would be obtained from such meetings if:
 - the Terms of Reference were drafted in light of the clear, documented, shared understanding of the relationships between the Government of Jersey and the Non-Ministerial Departments to which I refer above;
 - the opportunity was taken to identify the right arrangement for chairing and agreeing the agenda for the meetings to reinforce the need for an effective partnership between the Government of Jersey and the broad range of Non-Ministerial Departments. A rotating Chair might reinforce a partnership relationship;

- the Terms of Reference explicitly included consideration of the adaptations to corporate activities, including modernisation initiatives, necessary to ensure their relevance to Non-Ministerial Departments; and
- the Terms of Reference provided for the routine attendance at meetings of officers from key policy and support functions within the Government relevant to the work of Non-Ministerial Departments; and
- there was a clearer focus on the provision of support services to Non-Ministerial Departments as customers. This is a topic to which I return in the next section of this report.

Arrangements within Non-Ministerial Departments

2.7 I have evaluated key aspects of the governance and accountability arrangements in place for Non-Ministerial Departments (see Exhibit 3). I have identified areas of weakness in the design and operation of arrangements. However, I recognise the challenge in implementing and operating arrangements in relatively small departments, that do not have the relevant professional expertise, without significant support.

Exhibit 3: Selected aspects of governance and accountability for Non-Ministerial Departments

Area	Evaluation
Financial monitoring	All Non-Ministerial Departments aim to carry out a monthly review of income and expenditure against budget. In some, but not all, cases finance is a standing item at management team meetings.
Financial and procurement procedures	Reasonable level of compliance with Financial Directions evidenced in Governance Statements and through the work undertaken by Internal Audit. There is a relatively low level of exemptions sought, mainly in respect of procurement.
Risk management	Risk management is not embedded within Non-Ministerial Departments: <ul style="list-style-type: none"> ● risk registers are in a variety of formats and with different levels of detail. In the case of the Bailiff's Chambers no risk register is maintained; ● the level of debate by management teams is variable. Frequently, the risk register is not regularly discussed at management team meetings. In the case of the States Greffe, the management team has not systematically

Area	Evaluation
	<p>considered risks for more than two years; and</p> <ul style="list-style-type: none"> • Non-Ministerial Departments were not able to demonstrate how they gained assurance that the mitigating actions they had identified in their risk registers were operating as intended.
<p>Third party assets (Viscount's Department)</p>	<p>Risks associated with processing transactions for a substantial volume of third party assets are increased because of:</p> <ul style="list-style-type: none"> • aspects of the procedure manual that are incomplete; and • the absence of formal procedures to give assurance that controls are operating as intended. <p>Risks associated with the operation of a standalone system have been mitigated by the implementation of a new system from 2018 with corporate support.</p> <p>I identified difficulties in processing a high value transaction that were not covered by the procedure notes in place and that required significant time input by senior staff. However, the transaction was exceptional and lessons have been learnt.</p>
<p>Performance monitoring</p>	<p>There are different approaches to performance monitoring across Non-Ministerial Departments reflecting their circumstances. For example:</p> <ul style="list-style-type: none"> • the Law Officers' Department has developed and is monitoring performance against service standards; • the Probation and After-Care Service reviews key statistics, including changes in the risk of reconviction, at monthly management team meetings; and • Court Services developed more than 70 'service pledges' and monitors performance through approximately 30 key performance indicators. However, performance against these is not routinely discussed at senior management team meetings. <p>There are no formal arrangements for monitoring of performance in place for the Bailiff's Chambers and States Greffe.</p>
<p>Assurance</p>	<p>Some Non-Ministerial Departments have embraced external accreditation and adoption of external standards. For example:</p> <ul style="list-style-type: none"> • the Law Officers' Department has recently secured Lexcel accreditation from the Law Society for case management; • Court Services (the Viscount's Department and Judicial

Area	Evaluation
	<p>Grefe) have 'Investors in People' accreditation and is beginning to implement the new BS 76000 standard; and</p> <ul style="list-style-type: none"> the Probation and After-Care Service has recently published a review of the Jersey Family Court Advisory Services undertaken by Ofsted. In addition, H M Inspectorate of Probation is scheduled to inspect the Probation and After-Care Service in 2021.
Transparency	<p>There is not a consistent commitment to publishing Business Plans and Annual Reports: Court Services publishes both but the Bailiff's Chambers publishes neither. The Law Officers' Department plans to publish its current internal business plan for the first time in November 2019.</p> <p>The documents prepared are understandably different in style and scope. Generally, there is a limited focus on some areas that I would expect always to be addressed:</p> <ul style="list-style-type: none"> the outcomes planned and achieved; and the link between activities, outcomes and finances. <p>There is a variable approach to the use of:</p> <ul style="list-style-type: none"> Key Performance Indicators (KPIs) with some Non-Ministerial Departments using none but Court Services making extensive use of KPIs. The Law Officers' Department's inclusion of KPIs in its business plan was recognised by the independent assessor for its Lexcel accreditation; and benchmarking of performance. Some Non-Ministerial Departments report no benchmarking but both the Law Officers' Department and States Greffe reflect some. The Viscount's Department has sought to develop benchmarking where appropriate but recognises the difficulty in doing so given substantial differences in responsibilities and scale from those in other jurisdictions.

Oversight of governance of Non-Ministerial Departments

- 2.8 There is a fundamental challenge in, on the one hand, securing the operational independence and, on the other hand, providing oversight of governance arrangements without impinging on that independence.
- 2.9 There is an element of oversight for some Non-Ministerial Departments reviewed for:
- the States Greffe (by the Privileges and Procedures Committee); and
 - the Probation and After-Care Service (by the Probation Board).
- 2.10 However, the responsibilities of the Committee and Board for oversight are not clearly set out. For other Non-Ministerial Departments reviewed there are no such arrangements.
- 2.11 Elsewhere arrangements are more developed:
- the States of Jersey Risk and Audit Committee is an advisory body whose members are appointed by the Government of Jersey. Its remit is hybrid: in some areas, such as the States' Annual Accounts, it operates on a States-wide basis, providing advice to the Treasurer of the States and the Minister for Treasury and Resources. In other areas, such as corporate governance and risk management, its remit relates only to the Government of Jersey, advising the Principal Accountable Officer and ultimately the Council of Ministers. There is no corresponding advisory body that provides oversight of corporate governance, risk management and internal control for Non-Ministerial Departments; and
 - the Board of Governance for the Comptroller and Auditor General was established by the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015. The Board, appointed by the States Assembly, is responsible for keeping under review 'whether the Comptroller and Auditor General has used and is using the resources provided to him or her ... properly, efficiently and effectively'. Importantly, the Board has no role in discharging the Comptroller and Auditor General's functions and cannot direct the Comptroller and Auditor General.
- 2.12 In my view some form of structured scrutiny of the use of resources by and internal control within Non-Ministerial Departments, is needed. This could take the form of an advisory Audit Committee. Crucially, if its functions were solely advisory and it reported to the Accountable Officers for the departments it covered, it could do so without impinging on operational independence. In my view this Audit Committee would be separate to the Risk and Audit Committee appointed by the Government. As the financial results of Non-Ministerial Departments are included in the States' Annual Accounts, a separate Audit Committee for Non-Ministerial Departments could have a role in providing assurances on internal control to the Treasurer of the States. Such assurances support the Treasurer's wider responsibilities for the public finances of Jersey outlined in paragraph 2.2 above.

Recommendations to Treasury and Exchequer

- R1** Institute arrangements to verify the contents of Annual Governance Statements submitted.
- R2** Ensure that the statutory provisions relating to the submission of estimates for Government Plans are reflected in documented arrangements for the compilation of future Government Plans.
- R3** Agree and adhere to standards for the time allowed for responses to requests for information from Non-Ministerial Departments.
- R4** Ensure that general requests to all departments are appropriately adapted for the specific circumstances of Non-Ministerial Departments.

Recommendations to the Non-Ministerial Departments and Government of Jersey

- R5** Agree a statement of the overall relationships between the Government of Jersey and Non-Ministerial Departments that reflects differences in their functions, size and applicable statutory provisions.
- R6** In light of an agreed statement of relationships, agree appropriate revised Terms of Reference for liaison meetings between the Government of Jersey and Non-Ministerial Departments, including details of the routine attendees at the meetings.
- R7** To reinforce the need for an effective partnership, review the arrangements for chairing and agreeing the agenda for liaison meetings between the Government of Jersey and Non-Ministerial Departments, including through consideration of a rotating Chair.
- R8** Establish arrangements to ensure that there are appropriate adaptations to corporate activities, including modernisation initiatives, necessary to ensure their relevance to Non-Ministerial Departments.

Recommendations to Non-Ministerial Departments

- R9** Develop action plans to address weaknesses in governance and accountability identified in this report, seeking support from Treasury and Exchequer and other Government of Jersey departments as appropriate.
- R10** Consider options for enhanced oversight of the governance of Non-Ministerial Departments that does not impinge on their operational independence, including through establishment of an advisory Audit Committee that:
 - reports to the Accountable Officers for Non-Ministerial Departments; and
 - provides assurances on internal control to the Treasurer of the States in the context of his wider responsibilities for the public finances of Jersey.

Support services for Non-Ministerial Departments

- 3.1 Non-Ministerial Departments require support in a number of business areas, including finance, human resources, information technology and estates. Historically an element of support has been provided by corporate functions in the Government of Jersey.
- 3.2 As part of the significant changes within the Government of Jersey, there is a commitment to move towards consistent adoption of a 'Business Partnering' model. This involves the designation of a senior professional to work with a service department to develop a long-term relationship, understand their needs, provide strategic advice and facilitate access to relevant support services. Where it works well it enhances the effectiveness and responsiveness of provision of support services to user departments. There is an acknowledgement within Government that this change in focus and culture will take some time to develop and embed.
- 3.3 In this report I have focussed mainly on the finance function but have identified some findings relevant to other support services (see Exhibit 4).

Exhibit 4: Support services for Non-Ministerial Departments: areas of focus



Finance function

- 3.4 Financial management is a key competency for all managers and senior staff within Non-Ministerial Departments have a key role to perform in financial management of their departments. However, there are particular issues in relation to the performance of financial management activities within relatively small departments. Some departments do not have and cannot justify dedicated finance staff. This means that:
 - relatively less complex transaction processing activities are often performed by very senior staff, particularly in the smaller Non-Ministerial Departments, as part of a wide range of general management activities; and
 - there are risks arising from lack of resilience to cover activities such as income collection in the Viscount's Department and Bailiff's Chambers.
- 3.5 In these circumstances, the strength, relevance and responsiveness of finance support from Treasury and Exchequer is even more important. I have previously reported a number of concerns about many aspects of the corporate finance function and made recommendations for improvement. Treasury and Exchequer has embarked on a major change initiative to modernise the finance function. I reported on progress in implementing my

recommendations, including as part of modernisation initiatives within Treasury and Exchequer, in my recent report on *Financial Management and Internal Control* (September 2019).

- 3.6 As part of its new Target Operating Model, implemented in 2019, Treasury and Exchequer has embraced a business partnering model. However, it is difficult to overstate how significant the changes required to embed business partnering are. Making business partnering real involves much more than a restructure and new job descriptions. It requires fundamental changes in outlook and ways of working (see Exhibit 5).

Exhibit 5: Finance business partnering: best practice

Understanding the business is fundamental	Business understanding is gained through ongoing conversation, observation, research and action	The strategy for finance will depend on demand for business partnering as well as finance's capabilities
There is no one right way to position the finance department but it can often do more to support businesses	While it may be obvious, it needs to be emphasised that capability depends on people, organisational structures, systems and processes	Long lists of knowledge, skills and attitudes, said to be required of business partners, suggests 'superhumans' are needed
Finance should engage with system and process developments	Solving a key business problem is the best way to generate demand for business partnering	As advocates of evidence-based management, finance needs to assess its own contribution to organisational performance

Adapted from: *Finance business partnering: a guide*, Institute of Chartered Accountants in England and Wales, 2014

- 3.7 Historically the arrangements for financial support to Non-Ministerial Departments do not instil confidence on the part of Non-Ministerial Departments that they are 'customers' who are valued, listened to and understood. In particular:
- there have been no Memoranda of Understanding (MoUs) (setting out the principles for ways of working) or Service Level Agreements (SLAs) (setting out respective responsibilities, services to be provided, timescales and mechanisms for reviewing the services provided) in place between Treasury and Exchequer and Non-Ministerial Departments. MoUs and SLAs are valuable means for defining a relationship and providing clarity about what support can and cannot be provided. There is an informal, non-documented understanding of the timescale for provision of monthly

budget reports but a SLA would be much more comprehensive in its coverage;

- Non-Ministerial Departments do not believe that Treasury and Exchequer has demonstrated sufficient understanding of what makes Non-Ministerial Departments different both as a group and individually. This is exemplified in, for example, a perceived lack of interest in the significant third party assets administered by the Viscount's Department;
- there have been significant changes and discontinuities in Treasury and Exchequer staffing of support for Non-Ministerial Departments. For example, there were gaps in provision of standard monthly budget reporting during 2019;
- there is a perception of a poor level of responsiveness to requests from Non-Ministerial Departments coupled with requirements for submission of information to Treasury and Exchequer at short notice. This contrast reinforces a view that Non-Ministerial Departments are not seen as valued customers to whom a service is being provided;
- there is a perception that there is insufficient tailoring of services to the specific circumstances of Non-Ministerial Departments with a 'one size fits all' approach. For example, budget variance reports are perceived as overly detailed; and
- some delays in processing budget changes in 2019 were reported by the Law Officers' Department, impeding effective budget management.

3.8 New posts have been established within Treasury and Exchequer as part of its new Target Operating Model but the Non-Ministerial Departments have yet to perceive a new way of working.

Other support services

3.9 There are particular challenges in serving as a business partner for Non-Ministerial Departments stemming from the range of functions, small size and constitutional position of the departments. Those challenges affect not just finance but also other services such as human resources and information technology.

3.10 In my review I did not focus on other support services provided by central departments to Non-Ministerial Departments. However, in the course of my work I identified some issues that are consistent with my conclusion from my work on finance support that there is a lot of work to do to embrace and embed a modern business partnering approach:

- Supply Jersey, the States' procurement system, was perceived as better designed for goods than services, exemplified by low utilisation by some Non-Ministerial Departments; and
- there was an absence of consultation with Non-Ministerial Departments on the new HR system meaning that, for example, it does not accommodate a different approach to flexitime.

The way forward

- 3.11 Effective support services free up the time of managers to focus on high value activities. But support services are difficult for smaller departments to provide efficiently and effectively for themselves. This leads me to the conclusion that the existing arrangements are not optimal and there is a choice between two routes forward:
- enhanced collaboration between all Non-Ministerial Departments as a group to build collective capacity. This could build on the existing joint working arrangements between the Viscount's Department and Judicial Greffe; or
 - an enhanced business partnering approach, strengthening, enhancing and tailoring the support provided by central departments.
- 3.12 Given the resources devoted to finance support and the recent adoption of a new Target Operating Model for finance, it would be appropriate to prioritise action on finance in advance of consideration of the arrangements for other support services based on the principle of securing value for money across the States as a whole.

Recommendation to Non-Ministerial Departments, Treasury and Exchequer and the Government of Jersey

- R11** Agree a high level statement on the operation of business partnering that applies to all support services provided to Non-Ministerial Departments and reflects the specific circumstances of Non-Ministerial Departments and reflecting the principle of securing value for money across the States as a whole.

Recommendations to Non-Ministerial Departments and Treasury and Exchequer

- R12** Agree Memoranda of Understanding for the provision of finance support to Non-Ministerial Departments, setting out principles that underpin the relationships.
- R13** Following agreement of Memoranda of Understanding for the provision of finance support to Non-Ministerial Departments, agree Service Level Agreements setting out service standards and mechanisms for monitoring performance against those standards.
- R14** Review options for strengthened finance support for Non-Ministerial Departments either through enhanced:
- collaboration between Non-Ministerial Departments building on arrangements already in place; or
 - tailored support by Treasury and Exchequer.

Recommendation to Non-Ministerial Departments and the Government of Jersey

R15 In the context of an agreed high level statement on business partnering and in light of the experience of developing the business partnering relationship for finance, agree and implement Memoranda of Understanding and Service Level Agreements for other support services.

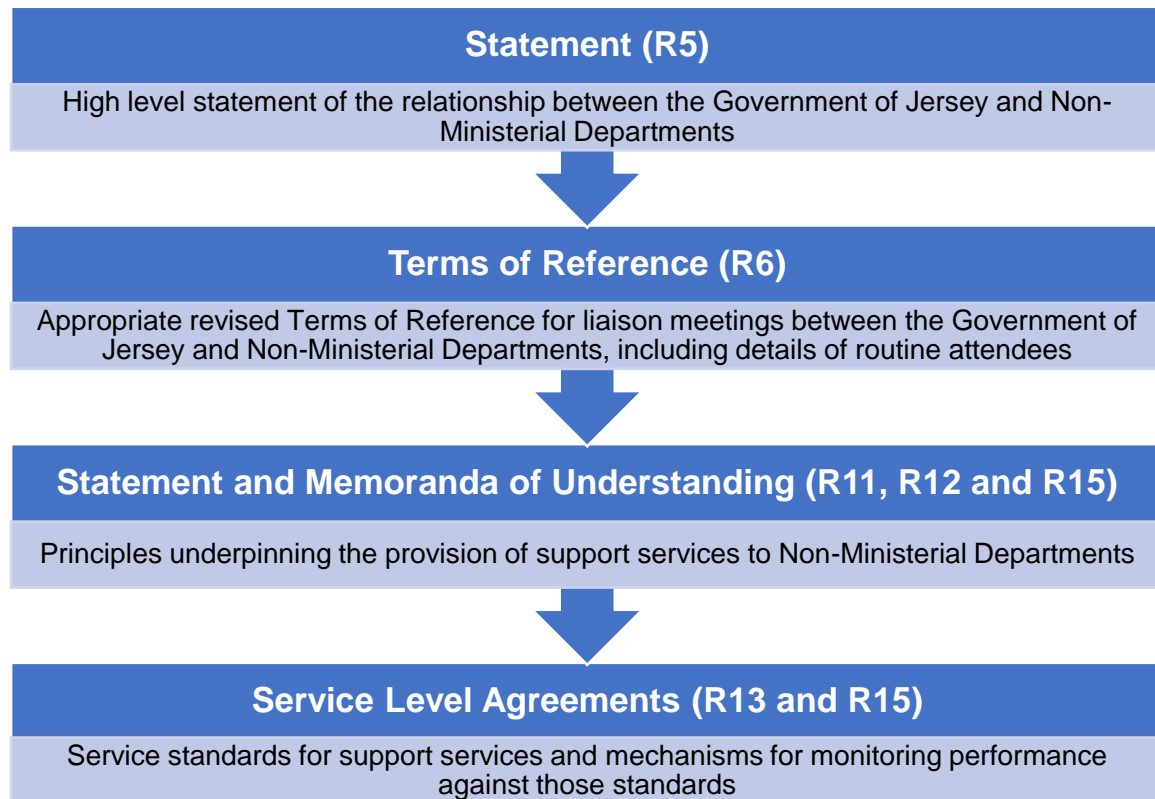
Conclusion

- 4.1 Non-Ministerial Departments have distinct and important roles. They have, however, a shared and important constitutional independence from Government. But that constitutional independence does not:
- relieve them of a duty to demonstrate the highest standards of governance and accountability for the use of public funds; or
 - mean that there cannot be a constructive and positive relationship with the Government of Jersey, recognising their constitutional position but facilitating the provision of customer focussed support services.
- 4.2 My review has identified:
- a history of significant cultural barriers that impact on the development of a new way of working between Non-Ministerial Departments and the Government;
 - weaknesses in the implementation of the statutory relationship between the Treasurer of the States and Non-Ministerial Departments;
 - an absence of a common documented understanding of the relationship between the Government of Jersey and Non-Ministerial Departments;
 - some weaknesses in internal governance of Non-Ministerial Departments. I recognise, however, the significant steps that individual Non-Ministerial Departments have taken and the particular challenges faced by smaller departments in implementing certain elements of governance arrangements; and
 - limited formal mechanisms for oversight of the governance of Non-Ministerial Departments. I believe that such arrangements could be put in place without impacting on the constitutional independence of Non-Ministerial Departments.
- 4.3 The provision of support services to Non-Ministerial Departments presents challenges, not least because of their diverse nature. But failing to do so effectively represents poor value for money and increased risk.
- 4.4 In this review I focussed on the finance function. I welcome the adoption of a business partnering model. However it is in its infancy and full implementation requires not just structural but also cultural change. My findings in relation to the finance function are echoed for other support services.
- 4.5 I have made a series of recommendations to:
- strengthen the operation of the relationship between the Treasurer of the States and Non-Ministerial Departments;
 - clarify, formalise and strengthen the relationship between the Government of Jersey and Non-Ministerial Departments;
 - address identified weaknesses in governance, working collaboratively; and
 - facilitate a genuine business partnering approach between the Government of Jersey and Non-Ministerial Departments.

4.6 In particular, I have recommended:

- adoption of strengthened arrangements for oversight of the governance of Non-Ministerial Departments that recognise and respect their constitutional independence, perhaps through establishing an advisory Audit Committee reporting to the Accountable Officers of Non-Ministerial Departments;
- through such an advisory Audit Committee or alternative strengthened arrangements, enhancing assurances on internal control to the Treasurer of the States in the context of his wider responsibilities for the public finances of Jersey; and
- sequential agreement of a series of documents to clarify the relationship between the Government and Non-Ministerial Departments, including in relation to the provision of support services (see Exhibit 6).

Exhibit 6: Formalising the relationship between the Government and Non-Ministerial Departments: recommended approach



4.7 Given the importance of the issues raised in this report and the significant actions recommended, I am confident that my successor will follow up the implementation of the recommendations contained in this report.

Appendix: Summary of Recommendations

Governance and accountability of Non-Ministerial Departments

Recommendations to Treasury and Exchequer

- R1** Institute arrangements to verify the contents of Annual Governance Statements submitted.
- R2** Ensure that the statutory provisions relating to the submission of estimates for Government Plans are reflected in documented arrangements for the compilation of future Government Plans.
- R3** Agree and adhere to standards for the time allowed for responses to requests for information from Non-Ministerial Departments.
- R4** Ensure that general requests to all departments are appropriately adapted for the specific circumstances of Non-Ministerial Departments.

Recommendations to the Non-Ministerial Departments and Government of Jersey

- R5** Agree a statement of the overall relationships between the Government of Jersey and Non-Ministerial Departments that reflects differences in their functions, size and applicable statutory provisions.
- R6** In light of an agreed statement of relationships, agree appropriate revised Terms of Reference for liaison meetings between the Government of Jersey and Non-Ministerial Departments, including details of the routine attendees at the meetings.
- R7** To reinforce the need for an effective partnership, review the arrangements for chairing and agreeing the agenda for liaison meetings between the Government of Jersey and Non-Ministerial Departments, including through consideration of a rotating Chair.
- R8** Establish arrangements to ensure that there are appropriate adaptations to corporate activities, including modernisation initiatives, necessary to ensure their relevance to Non-Ministerial Departments.

Recommendations to Non-Ministerial Departments

- R9** Develop action plans to address weaknesses in governance and accountability identified in this report, seeking support from Treasury and Exchequer and other Government of Jersey departments as appropriate.
- R10** Consider options for enhanced oversight of the governance of Non-Ministerial Departments that does not impinge on their operational independence, including through establishment of an advisory Audit Committee that:
 - reports to the Accountable Officers for Non-Ministerial Departments; and
 - provides assurances on internal control to the Treasurer of the States in the context of his wider responsibilities for the public finances of Jersey.

Support services for Non-Ministerial Departments

Recommendation to Non-Ministerial Departments, Treasury and Exchequer and the Government of Jersey

R11 Agree a high level statement on the operation of business partnering that applies to all support services provided to Non-Ministerial Departments and reflects the specific circumstances of Non-Ministerial Departments and reflecting the principle of securing value for money across the States as a whole.

Recommendations to Non-Ministerial Departments and Treasury and Exchequer

R12 Agree Memoranda of Understanding for the provision of finance support to Non-Ministerial Departments, setting out principles that underpin the relationships.

R13 Following agreement of Memoranda of Understanding for the provision of finance support to Non-Ministerial Departments, agree Service Level Agreements setting out service standards and mechanisms for monitoring performance against those standards.

R14 Review options for strengthened finance support for Non-Ministerial Departments either through enhanced:

- collaboration between Non-Ministerial Departments building on arrangements already in place; or
- tailored support by Treasury and Exchequer.

Recommendation to Non-Ministerial Departments and the Government of Jersey

R15 In the context of an agreed high level statement on business partnering and in light of the experience of developing the business partnering relationship for finance, agree and implement Memoranda of Understanding and Service Level Agreements for other support services.



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