

Monday 28 June 2021

# The States responded well to the impact of COVID-19 on their financial management arrangements

## Comptroller and Auditor General issues latest report

Comptroller and Auditor General (C&AG), Lynn Pamment, has today 28 June 2021 published a report on **Overall Management of Public Finances during the COVID-19 pandemic**.

The C&AG is undertaking an extensive programme of work in respect of the Government of Jersey's response to the COVID-19 pandemic. Her ongoing work is considering:

- Overall governance and decision making
- Communications
- Procurement processes and supply chain management
- Management of the healthcare response
- Test, trace and vaccine roll out
- Risk management
- Management of public finances; and
- Schemes to support businesses and individuals.

This fourth report in the series focusses on the overall management of public finances in the period from March 2020 to September 2020. The areas reviewed include financial forecasting, procedures to record and monitor COVID-19 related expenditure, the revolving credit facility and 2020 budget re-prioritisation.

Lynn Pamment found that the financial impact of the COVID-19 pandemic on the States of Jersey (the States) in 2020 was unprecedented. She reports that, in common with officers across the States, this placed a significant workload on officers in Treasury and Exchequer and that the need for urgency required a pragmatic approach to some decisions.

The C&AG found that, at an early stage of the COVID-19 pandemic, the States recognised the need to assess public finances and agree measures to meet the expected costs. She reports that in April 2020, the States forecast net spending for 2020 to be £272 million higher than the Government Plan for general revenues and departmental expenditure and £99 million for Social Security Funds. Ultimately, the actual net spending in excess of the Government Plan was lower, but still significant, at £132 million for general revenues and departmental expenditure and £21 million for Social Security Funds.

LYNN PAMMENT

The C&AG considered that the usefulness of Government Financial Reports would be improved by linking them more clearly to amounts approved in the Government Plan, including additional information on key balances and on cash flows. The States did not have adequate arrangements in place for cash flow forecasting at the outset of the COVID-19 pandemic and officers were required to develop cash flow forecasts from first principles.

The States procured a revolving credit facility to provide flexibility to borrow up to £500 million. While the C&AG considers that the procurement process followed was appropriate in the particular circumstances, it did not follow the States' procurement requirements for open tendering. Officers did not seek an exemption from the procurement processes and did not record this as a breach as required by the Public Finances Manual. The revolving credit facility provided back-up to avoid any potential requirement to sell equity holdings at a temporarily depressed price.

The C&AG found that pragmatic and effective arrangements were put in place for departments to submit business plans to request additional funding for COVID-19 related expenditure.

**Lynn Pamment said:**

"The States responded well to the impact of COVID-19 on their financial management arrangements. The response included adapting existing arrangements and developing new processes. However, the stress placed on the States' financial management systems has highlighted some shortcomings in the arrangements previously in place, particularly in reporting financial information to decision makers and forecasting cash flows.

The States should take this opportunity to consider lessons from the impact of the COVID-19 pandemic on their financial management arrangements and identify and secure improvements going forwards."

The report *Overall Management of Public Finances during the COVID-19 pandemic* can be found at: <https://www.jerseyauditoffice.je>

**ENDS**

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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 (including further details of the C&AG COVID-19 work programme) can be found at: [www.jerseyauditoffice.je](http://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 & Auditor General is known as the 'Jersey Audit Office'.
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### **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 Lynn Pamment or the staff 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](http://www.jerseyauditoffice.je)