

# Annual Reporting

## Project Specification

### Background

An annual report is a key means by which an entity tells the story of its year. Public annual reporting, done well, enables stakeholders to understand – with trust and confidence – an entity’s strategy and the risks it faces, how much money has been spent and on what, and what has been achieved as a result. It enables stakeholders to hold the entity to account effectively.

I have published reports in both 2020 and 2021 on *Annual Reporting* each of which has been accompanied by a *Good Practice Guide*. I have also sought to encourage and to share best practice through delivery of a workshop held in December 2021, the publication of Frequently Asked Questions (FAQs) (January 2022) and the publication of an *Annual Report Self-Assessment Tool* (February 2022).

My *Annual Reporting* reports in 2020 and 2021 were based on my review of the annual reports and, where available publicly, the annual accounts produced by the States of Jersey, States controlled entities and entities established by the States. My reports considered the content of all the annual reports and accounts reviewed against a set of criteria that encompassed:

- minimum content that I consider to be best practice for accountability to public stakeholders
- essential elements of a good annual report; and
- over-arching principles for good public reporting.

In both years I found that there were key areas where annual public reporting could be enhanced. Whilst my 2021 report found that most entities had improved their annual reporting compared to the previous year, the overall content of 73% of the 38 annual reports reviewed continued to be poor or very poor compared to best practice.

Key areas where annual reports could be improved included:

- setting out objectives, analysing associated risks and summarising performance, including Key Performance Indicators (KPIs) to measure performance against objectives
- providing information on governance arrangements and operations (including structures and delivery models); and
- reporting on remuneration and other workforce matters.

My 2021 report also considered reporting on sustainability measures in annual reports. Whilst I found that some entities were reporting performance against environmental measures, few were reporting against a wider range of sustainability measures.

The 2020 and 2021 reports recommended that the States of Jersey establish a more formal framework and requirements for annual reporting by States controlled entities and entities established by the States. A project has been commenced by the Government of Jersey to take these recommendations forward. In the meantime, I continue to encourage entities to adopt good practice on a voluntary basis until such time as new formal requirements are introduced.

## The Functions of the Comptroller and Auditor General (C&AG)

Article 11 of the Comptroller and Auditor General (Jersey) Law 2014 requires the C&AG 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 (Jersey) Law 2005
- consider and report to the States on:
  - the effectiveness of internal controls of the States, States funded bodies and Funds
  - the economy, efficiency and effectiveness in the way the States, States funded bodies and Funds use their resources; and
  - the general corporate governance arrangements of the States, States funded bodies and Funds; and
- make recommendations to bring about improvement where improvement is needed.

## Objectives and scope of this review

This review will consider the 2021 Annual Reports of the States of Jersey, States controlled entities and entities established by the States, against updated criteria encompassing:

- minimum content that I consider to be best practice for accountability to public stakeholders
- essential elements of a good annual report; and
- over-arching principles for good public reporting.

These criteria were published in my *Annual Report Self-Assessment Tool* (February 2022). Entities were invited to send completed self-assessments to the Jersey Audit Office.

The review will identify the progress being made by entities in improving their annual reporting. It will also seek to identify and share good practice through the publication of another Good Practice Guide.

## Approach

The review will be undertaken as a desktop exercise with the detailed work carried out by an affiliate engaged by the C&AG. The review will be informed by entities' self-assessments where the self-assessment tools have been completed and shared with C&AG.

Fieldwork will commence in May 2022.



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