

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.

In each year since 2020 I have published a report on *Annual Reporting* accompanied in each year by a *Good Practice Guide*. I have also sought to encourage and to share best practice through delivery of workshops, the publication of Frequently Asked Questions (FAQs) and the publication of *Annual Report Self-Assessment Tools*.

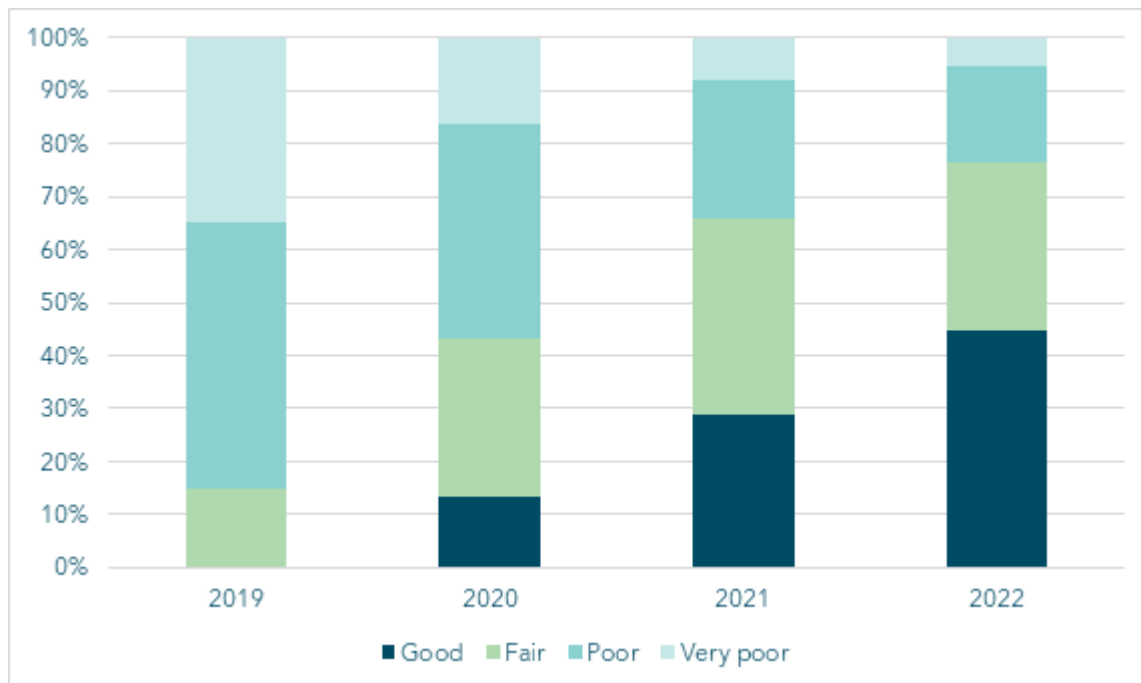
My *Annual Reporting* reports have been based on my review of the annual reports and, where available publicly, the annual accounts produced by the States of Jersey, States controlled entities and entities established by the States. My reports considered the content of all the annual reports and accounts reviewed against an annually updated 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.

Since I started my work in this area in 2020, most entities reviewed have made year on year improvements to their annual reports. In 2023 I identified that 76% of entities produced a 2022 annual report with content I judge as fair or good compared to best practice (66% for 2021 annual reports).

Exhibit 1 shows as assessment of overall progress.

Exhibit 1: Overall assessment of annual reports 2019 to 2022



Source: Jersey Audit Office analysis of annual reports

My 2023 review also found that:

- performance reports remain generally stronger than accountability reports within annual reports
- the key area for improvement in accountability reports continues to be about staffing issues, particularly remuneration of board members and of senior staff at smaller entities
- in making best practice additions to existing content, entities can make annual reports overly long and complex
- some smaller entities succeed in providing best practice content whilst keeping their annual reports relatively brief; and
- overall, there has been little change in the timeliness of publication of annual reports.

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 of this review

This review will consider the 2023 Annual Reports 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* (January 2024). Entities were invited to send completed self-assessments to the Jersey Audit Office.

Scope

This review will focus on the annual reports of the States of Jersey, States controlled entities and entities established by the States, as publicly available on or before 31 July 2024.

Audit Approach

This audit will use a results oriented approach. It 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*.

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

Fieldwork will commence in April 2024.

Audit criteria

The C&AG has developed criteria based on both minimum requirements and on best practice observed in this and other jurisdictions, adapted for Jersey. These criteria were established in the 2020 review of 2019 annual reports and have been updated in line with improvements in annual reporting in this and other jurisdictions, for each subsequent review. This maintains the value of 'minimum' and 'stretch' criteria over time.

The three key areas of coverage, within which current minimum requirements and best practice performance are described, are:

- Overall Content
- Performance Report
- Accountability Report

Elements within these overarching areas are scored to produce a profile for each entity's annual report. The available scores are detailed in the self-assessment tool published in January 2024 and available at www.jerseyauditoffice.je.

In addition to the scored areas, the C&AG is encouraging entities to enhance their sustainability reporting and disclosures. The self-assessment tool contains a useful reminder of frameworks which can be used for good practice climate and sustainability reporting. Performance in sustainable reporting and disclosure will be noted and reported and will support development of 'minimum' and 'stretch' scored criteria for future reviews.



JERSEY AUDIT OFFICE

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