

Tuesday, 30 July 2024

Comptroller and Auditor General issues her report on Oversight of Arm's Length Bodies

Comptroller and Auditor General (C&AG), Lynn Pamment CBE, has today, 30 July, published her report into the Oversight of Arm's Length Bodies.

Her review has evaluated the effectiveness of arrangements for the Government's oversight of Arm's Length Bodies (ALBs) and examined opportunities to enhance accountability and value for money.

Introducing the report, C&AG Lynn Pamment CBE said:

"Modern government relies on delivery of services not only directly by Ministerial departments but indirectly through other bodies, which may be controlled by government, established by government, substantially funded by government, or given a statutory power to levy charges to cover some or all of their costs.

"There are good reasons why government may determine that it is more appropriate to establish or to fund bodies rather than undertaking activities directly. However, the establishment or funding of such Arm's Length Bodies is not without potential costs and risks.

"The establishment or funding of an ALB does not relieve the States of Jersey from a responsibility for ensuring that good governance is being demonstrated, effective internal control is in place and value for money is being secured."

The report examines four areas of oversight of ALBs: arrangements to consider the need for ALBs, governance arrangements, accountability arrangements and the delivery of value for money.

The C&AG found that some important steps had been taken following recommendations in previous C&AG reports. The Government has established an Arm's Length Bodies Oversight Board (ALBOB), which has the potential to act as a coordination body across the landscape of ALBs and to ensure that consistent approaches are adopted where appropriate across Government. The C&AG has recommended a review of the terms of reference, work plan and membership of ALBOB, as well as a revised and more focussed definition of the current ALBs, to make the overall approach to oversight more effective.

In her report Lynn Pamment notes that arrangements are not in place to ensure that all ALBs are subject to periodic assessments as to whether the entity remains the optimal route to service delivery. This leads to a risk that opportunities to improve effectiveness and value for money of ALBs are missed.

The C&AG identified scope for the development of consistent governance and accountability arrangements, which currently vary by sponsoring Government department. Opportunities to enhance accountability arrangements were noted for most categories of ALBs, including the appointment by Government of Accountable Officers within each ALB to ensure greater accountability.

The C&AG identified potential opportunities for improving value for money, including:

- the establishment of and monitoring of better Key Performance Indicators (KPIs) for ALBs which are relevant to Government policies, objectives and risks
- better co-ordination between Government departments and States owned entities on policies and practices; and
- achieving potential savings by rationalising common functions between ALBs, such as joint procurement contracts for common items of expenditure.

Lynn Pamment CBE concluded:

“ALBs can be a valuable part of the States’ framework for service delivery, regulation and resilience. Effective oversight, governance and accountability arrangements are however essential in order to ensure ALBs deliver in ways which meet overall objectives, including demonstrating value for money.

“The current arrangements need to be strengthened in order to ensure that the opportunities to enhance accountability and value for money are realised in practice.”

The report Oversight of Arm’s Length Bodies can be found at:
<https://www.jerseyauditoffice.je>

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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 2024-27 Audit Plan can be found at: www.jerseyauditoffice.je
- Lynn Pamment CBE 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 and Auditor General is known as the 'Jersey Audit Office'.
- Contact details are: de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT / T:716800 / E: enquiries@jerseyauditoffice.je

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