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The Government's processes for managing grants and subsidies need further refinement - says C&AG's latest audit

The latest independent audit by the Comptroller and Auditor General (C&AG) **Grants and Subsidies - Follow Up** is published today (Wednesday 30 April 2025).

Providing grants to third parties is an important means by which governments and public sector bodies deliver their policy objectives. To ensure that those objectives are secured economically, efficiently and effectively it is important to have the right controls in place, from design of grant schemes through to evaluation of their impact.

This audit followed up on recommendations made in C&AG reports published in 2017 and 2022. It examined the processes for oversight, management and evaluation of grants and subsidies awarded by Government to third parties, identifying improvements that have been made and what more is needed to secure best practice.

The Government continues to make extensive use of grants and subsidies to third parties. In 2023 the value of grants reported in the States of Jersey Group 2023 Annual Report and Accounts was £74,103,000.

The audit included consideration of a sample of awards made. These samples were selected from the Department for the Economy, the Children, Young People, Education and Skills Department, and the Cabinet Office.

C&AG findings and recommendations

Implementation of the C&AG's previous recommendations has been monitored through the Government of Jersey's 'Recommendations Tracker'. Progress includes updating the Public Finances Manual (PFM) with best practice identified in the 2017 report, intended to ensure the right controls are in place for the design of grant schemes.

The follow up audit found no clear and consistent States-wide approach or framework against which to make decisions about how to deliver services to Islanders. This creates a gap in the support available to officers when they need to decide if the use of a grant or grant scheme is the most effective solution to deliver the intended outcome, rather than through, for example, a contract for services.

The C&AG recommends a decision-making framework for grant funding, which would provide a roadmap for mature and effective decision making; to ensure grants are assessed, appraised and awarded in a consistent manner and support projects most likely to deliver expected outcomes to Islanders.

Attention needs to be paid to the assessment, documenting and evaluation of conflicts of interest within the States (officers, Ministerial and other States Members) in processes to award grants and subsidies. Lack of rigour in this area exposes the States to a range of reputational risks including a perception of bias, unfairness and eroding public confidence in the integrity of the decision making process relating to the award of grants.

The C&AG also found that consideration should be given to a proportionate, risk-based approach for the review of existing grants and grant schemes, through a further revision to the PFM, and consistency in how agreed outputs or outcomes are recorded between the Government and the grant receiving entity.

Comptroller and Auditor General, Lynn Pamment CBE, said:

“The use of individual grants or grant schemes is a valuable part of the States’ framework for service delivery, regulation and resilience. Effective oversight, governance and accountability arrangements are essential in order to ensure grant receiving bodies use the funding in line with overall States objectives, including demonstrating improved outcomes for Islanders.

“A number of the recommendations from the previous reports have been implemented or are in progress. However, there is further work required to demonstrate compliance with the requirements of the Public Finances Manual and there are opportunities to enhance efficiency and value for money in the oversight and use of grant funding.”

*The report **Grants and Subsidies – Follow Up** can be found at <https://www.jerseyauditoffice.je>*

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