JERSEY AUDIT OFFICE

Deputy Lucy Stephenson
Vice-Chair
Corporate Services Scrutiny Panel
States of Jersey

By email

6 October 2025

Dear Deputy Stephenson

Corporate Services Scrutiny Panel Proposed Budget 2026-2029 Review

Thank you for your letter dated 24 September 2025 requesting a submission to the above review.

You will appreciate that my responsibilities stem from legislation, in particular the Comptroller and Auditor General (Jersey) Law 2014. I am responsible for providing the States Assembly 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 2019 and other specified legislation, and reporting to the States Assembly in relation to:

a) general corporate governance arrangements

b) the effectiveness of internal controls, and of the internal auditing of those controls

c) whether resources are being used economically, efficiently and effectively; and

d) actions needed to bring about improvement, where improvement is needed.

My primary focus is on implementation rather than policy and is backward-looking rather than forward-looking. My main point of liaison is with the Public Accounts Committee, which I have a statutory duty to attend, rather than with Scrutiny Panels.

However, the Code of Audit Practice that I have prepared and published provides that, where requested by a Scrutiny Panel, I shall consider whether to provide evidence to a Panel where if, in my opinion, doing so would assist the Panel and not compromise the discharge of my functions.

In that context, I am happy to provide observations in response to your request.

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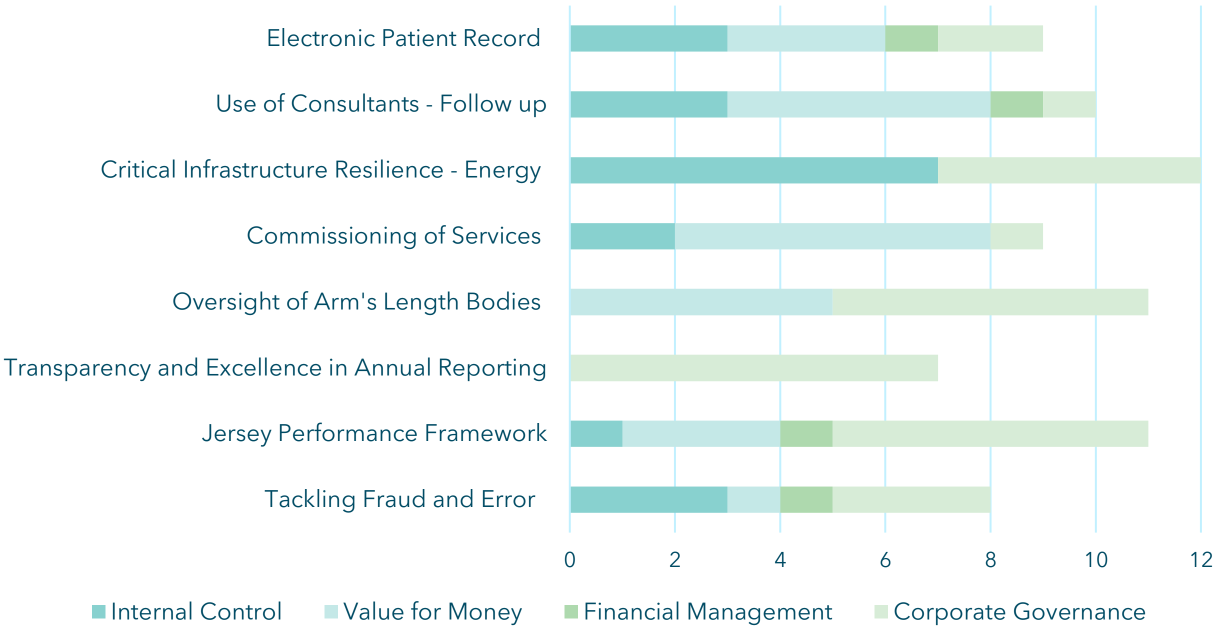
On 31 March 2025 I published my *Annual Report of Findings 2024*. On the same day I presented the key findings to a meeting of States Members. My report and presentation contained an analysis of themes from my recommendations that Government had not implemented at that time. Since the publication of that report, I have issued a further five reports.

My *Annual Report of Findings 2024* identified themes from Comptroller and Auditor General (C&AG) recommendations that had not been implemented by Government at 31 December 2024. I also noted that most of the 77 recommendations made or re-stated in 2024 from my eight reports related to opportunities to improve corporate governance. I noted that improving corporate governance arrangements will lead to better value for money and better financial management. The Exhibit below contains further details.



In terms of the reports I have completed and published since I provided information to support your Panel's review of the Proposed Budget 2025-2028 (September 2024) I consider that the following Recommendations (R), Planned work that should be prioritised (P), Areas for consideration (A) and Learning opportunities (L) are relevant to your Budget 2026-2029 Review:

***Transparency and Excellence in Annual Reporting* (September 2024)**	
R1	Finalise and set out minimum requirements for annual reports and accounts for States established and States controlled entities. In doing so, consider: • setting out different requirements depending on the nature and size of entities • specifying minimum requirements for reporting on performance, accountability and finances • requiring specific disclosures of remuneration of directors and staff

	• for entities required to publish financial statements:
	  ○ specifying the accounting framework; and
	  ○ specifying the degree of independent assurance that should be provided over the financial statements; and
	• for all entities, setting out the requirements for making the annual report and accounts public.

R3	Set out a public ambition and timetable for the production of a States of Jersey annual sustainability report. In doing so, consider: • the Jersey Performance Framework and the Task Force on Climate-Related Financial Disclosures (TCFD) recommended disclosures • whether the sustainability report should form part of the States of Jersey Group Annual Report and Accounts or be a separate report • publishing targets alongside actual performance and comparative data with other jurisdictions where this is available; and • the degree of independent assurance that should be provided over the data contained within the sustainability report.
R4	Set out minimum requirements for sustainability reporting by States established and States controlled entities. In doing so, consider how to apply the Jersey Performance Framework and the TCFD recommended disclosure
R2 2023	Set out minimum requirements for more granular financial reporting in Government department annual reports.
***Jersey Performance Framework* (October 2024)**	
R1	Introduce a legislative requirement for the Council of Ministers to: • take into account the sustainable wellbeing (including the economic, social, environmental and cultural wellbeing) of the inhabitants of Jersey over successive generations in preparing the Common Strategic Policy: and • set out how the Common Strategic Policy takes that sustainable wellbeing into account.
R2	Introduce a statutory duty on the Principal Accountable Officer and Accountable Officers to take into account the sustainable wellbeing (including the economic, social, environmental and cultural wellbeing) of the inhabitants of Jersey over successive generations in providing advice to Ministers and in planning the provision of public services.
R5	Develop further practical tools and guidance to support Accountable Officers in discharging their sustainable wellbeing responsibilities under the PFM and in developing policy and advice to Ministers.
R6	Develop and implement appropriate training programmes for Ministers and officers to support them in implementing best practice in embedding sustainable wellbeing into policy development and decision making.

R9	All key Government strategy, framework, policy, planning or guidance documents that have financial consequences, should include a financial section that provides the reader with the high-level financial impact of the likely implementation. This is not to be viewed as a business case, but rather a financial context in which future business cases can be framed.
R10	All key Government documents, including, as a minimum, Ministerial Decision cover sheets, should set out an explicit accountability statement of how the document will positively impact on the three domains of sustainable wellbeing (economy, community and environment) and how the delivery of the actions that lead to these outcomes will be assured.
A1	Consider whether specific responsibilities should be placed on scrutiny panels and the Public Accounts Committee to take account of sustainable wellbeing in performing their duties.
***Tackling Fraud and Error* (November 2024)**	
R4	Prepare a high level calculation on the basis of risk to estimate the potential fraud and error risk exposure across the States.
R5	Prepare a prioritised plan to undertake the detailed fraud and corruption risk assessments for the 20 highest risk areas identified.
R7	Develop a detailed analysis of fraud and error incidence, particularly in those departments where the management of fraud and error risk is a core activity.
R8	Review options for costing individual controls and interventions designed to manage the risk of fraud and error, so that cost effectiveness can be evaluated and demonstrated.
P2	Extend basic training in awareness of and managing the risk of fraud and corruption to States Members as soon as possible.
P3	Extend basic training in managing the risk of fraud and corruption to States Owned Entities and Arm's Length Organisations.
***Learning from previous IT implementations: A Thinkpiece* (February 2025)**	
L1	Finalise the development, approval and adoption of a Digital Strategy for services to citizens supported by an overarching technology strategy for the States of Jersey
L3	Ensure that procurement strategies and decisions are revisited where appropriate during implementation if doing so could result in better value for money being achieved in practice.

L4	Ensure procurement strategies document the options for packaging the procurement in ways that lower the level of risk to the Government and detail the likely costs of each option under consideration.
L9	Ensure advice or input is sought from Digital Services when considering IT implementation or when considering the IT aspects of other major projects such as building projects.
L11	Ensure that communication plans include the communication needs of the States Assembly and Scrutiny Panels and how these needs will be met.
L15	Ensure business and user needs are listened to at an operational level as well as a senior level and, in doing so, ensure communications are focussed on 'engagement' rather than 'tell'.
L19	For major programmes, adopt a set of success measures that can be used to evaluate the impact of a programme in a clear and straightforward way
L23	Ensure that key strategic risks are identified, documented and managed effectively at all stages of a project or programme.
L29	Ensure all expected costs of major projects are captured at the OBC stage and at the FBC stage. Consider using a challenge process to provide assurance as to the completeness and accuracy of the costs captured.
L30	Align cost and delivery reporting to programme and project boards as indicators to assess overall programme performance and to highlight risks.
L32	Produce an ongoing full cost summary for all long running Major and Strategic programmes, particularly those funded through wider Government or Departmental programmes or where funding is allocated to multiple Government Departments. This summary should be reconciled annually, to ensure whole life programme cost control is visible.
L37	Document lessons learned from the operation of commercial partnerships for IT projects and use these to update Government guidance and relevant frameworks.
L39	Ensure that the monitoring and communication of benefits realisation is a centralised responsibility that endures beyond the closure of a programme to a 10-year time horizon.
L40	Produce annual reports on benefits realisation from closed programmes to allow transparent reporting on long-term benefit realisation.
***Staff Recruitment and Retention* (March 2025)**	
R1	Finalise and approve future service delivery models and strategies for all significant areas of public services.

R2	Ensure that workforce plans for all departments are linked to available service strategies and departmental business plans and are updated when future service delivery strategies are developed and approved.
R3	Document specific training and development plans that address the future skills needed by the current workforce and set out how the pipeline for the future workforce will be developed.
R8	Document formally the factors taken into account when making recruitment decisions that go outside of stated policies so that it is clear how risks have been balanced and policies prioritised.
R9	Ensure that a robust strategy is documented and actioned sufficiently early to mitigate risks to the successful appointment of a permanent Chief Executive.
R12	Undertake a review of the management of Government accommodation for employees and consider which option delivers best value for money. In doing so, ensure that there is an agreed alignment of rental income and maintenance budgets.
P13	Document and apply a consistent policy and monitoring programme for the design and application of reward packages across the States.
R14	Develop, adopt and implement a clear and consistent approach to apprenticeship opportunities including a consistent approach to funding.
P1	Finalise and approve updated policies in respect of: • recruitment and retention; and • rewards and benefits.
***Grants and Subsidies – Follow Up* (April 2025)**	
R1	Implement a decision-making framework for the assessment, appraisal and award of grants and grant schemes.
R3	Implement the actions identified by Commercial Services to improve the consistency of documentation to meet the PFM requirements for new grants and grant schemes.
R4	Document the evaluation of potential conflicts of interest between the States of Jersey and the grant receiving entity as part of grant approval.
R6	Set clear requirements in the PFM for regular monitoring of existing individual grants and grant schemes awarded, proportionate to the size of grant and the type of service being delivered.
R7	Develop data analytics to identify total expenditure, either through grant funding or contracts for services, paid to grant receiving bodies.

P1	Create and roll out granting practitioners' guidance aligned with the PFM requirements.
Strategic Property Management **(May 2025)**	
R2	Implement previous C&AG recommendations and those in the JLL report that highlight the need to undertake a strategic review of JDC to confirm that it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term.
R3	Reaffirm commitment to the corporate landlord model and agree the steps required for full implementation of the model described in P.93/2005 and the IPES (Island Public Estate Strategy 2021-2035).
R4	Prepare and implement a policy framework to promote consistency and transparency in rental levels and lease terms
P1	Complete the exercise to update SLAs and engage with all departments who occupy property managed by JPH. This should include confirming acceptance of roles and responsibilities with all schools
P3	Put arrangements in place for a rolling programme of condition surveys as committed to in the IPES
P6	Carry out the planned programme of Strategic Asset Management Plans as soon as possible
A1	Consider the benefits of a forum with specific responsibility to provide political oversight of the whole public estate.
A2	Consider review of the project plan for development of Strategic Asset Management Plans to ensure the plan is realistic and deliverable.
Financial Management and Internal Control **(July 2025)**	
R1	Enhance the management information produced, reviewed and challenged in respect of departmental expenditure to include: • regular reporting of procurement breaches and exemptions to Senior Leadership Teams, the Government Risk and Audit Committee and the Non Ministerial Departments Audit Committee; and • links to operational service and workforce plans.
R5	Strengthen the role performed by the Risk and Audit Committee in respect of reviewing and challenging the action being taken by Government to implement recommendations from internal audit, the C&AG and regulators. In doing so, clarify the objectives and expected content of the deep dive sessions undertaken with individual departments.

R6	Develop the activities of the Non-Ministerial Departments Audit Committee to include an assessment of whether the resources allocated to Non-Ministerial Departments have been used efficiently and effectively in accordance with its Terms of Reference.
R8	Require departments to evidence that they are undertaking regular reviews of the effectiveness of their control environments and actions in reducing risk scores, including testing of existing controls.
R13	Ensure that the HCJ Financial Recovery Plan is updated to address the weaknesses identified in this report, including: • a focus on the actions to be taken to manage rising costs of social care and mental health packages, high cost drugs and off Island contracts and to better control permanent staff vacancies through establishment control and productivity to avoid excess overtime • a focus on specific actions to realise the efficiency savings identified by benchmarking services • specific actions to be taken to address the deficits in income from private patient activity; and • specific actions to be taken to improve internal controls and compliance.
A1	Consider undertaking a review of the Finance Business Partner model to ensure that Finance Business Partners are able to fulfil the role as set out in the Public Finances Manual.
A2	Consider how to identify real efficiency savings by using performance data linked to financial data.
***Critical Infrastructure Resilience – Transport Links* (August 2025)**	
R1	Agree a definition of Island critical infrastructure. This should include critical transport infrastructure for sea, air and on-Island transport and the routes which fall within this definition.
R3	Update the Jersey Emergency Risk Register (JERR) to ensure it is: • relevant to Jersey's capability and capacity to respond locally • complete, by carrying out an exercise requiring all JERR risk owners to confirm completeness of all entries in the JERR by the end of 2025; and • informed by and continuous with the management of 'chronic' risks, including through an understanding and ownership by the Executive Leadership Team of links to departmental Business Continuity Plans and Emergency Preparedness Plans.
R6	In line with the introduction of a new Resilience Law and further development of Resilience Standards, ensure there is a mechanism to integrate the Resilience Standards into contracts with owners and operators of critical infrastructure, including for transport links.

R7	Develop a formal process for post-implementation review of new air route trials involving Government, Ports of Jersey and Visit Jersey. To commence with a detailed review of the impact of the new Paris route served by Blue Islands.
R8	Introduce a structured process for reporting the identified Key Performance Indicators in respect of the Blue Islands loan so that achievement of the desired outcome can be evidenced or corrective action taken.
R9	For patients whose travel to overseas appointments is organised by Health and Care Jersey, capture, analyse and report data about delayed and missed appointments. This should include the consequences in terms of patient health and wellbeing and cost and be used to assess risk and potential mitigations.

R10	Urgently review oversight arrangements for the Jersey Emergency Transfer Service's current and proposed future contract, including to make sure processes are in place to:
	• fully understand and address the impact of current weaknesses in the service, including by:
	    o taking a patient outcome perspective; and
	    o actively addressing the risks already logged and those that should be logged
	• align Key Performance Indicators to monitor all weaknesses identified, even if these are not yet contractual
	• develop routine reporting and escalation arrangements; and
	• establish joined up Business Continuity Plans.

R11	Implement a robust procurement strategy to support a November 2025 decision on the award of the JETS contract, informed by views on how well the current service provision meets the States of Jersey's desired outcomes, and how well risks can be managed within the States' risk appetite for this service.
R12	In procurement processes where changes to stated criteria or terms of contracts are proposed, and in post-contractual variations, document a comprehensive impact assessment, to include evaluation of value for money, the contribution to the States' strategic and operational priorities, an evaluation of whether the funding sources continue to be used appropriately, and the updated risk profile against risk appetite.
R13	Ensure that the evaluation of the piloted East to West bus route includes an emphasis on value for money and contribution to the States' key priorities.
R14	Ensure that the Key Performance Indicators for the bus service fully align with, for example, use of resources from the Climate Emergency Fund.
P2	Prepare a plan for the consideration of options to develop a Southern supply route in liaison with Ports of Jersey

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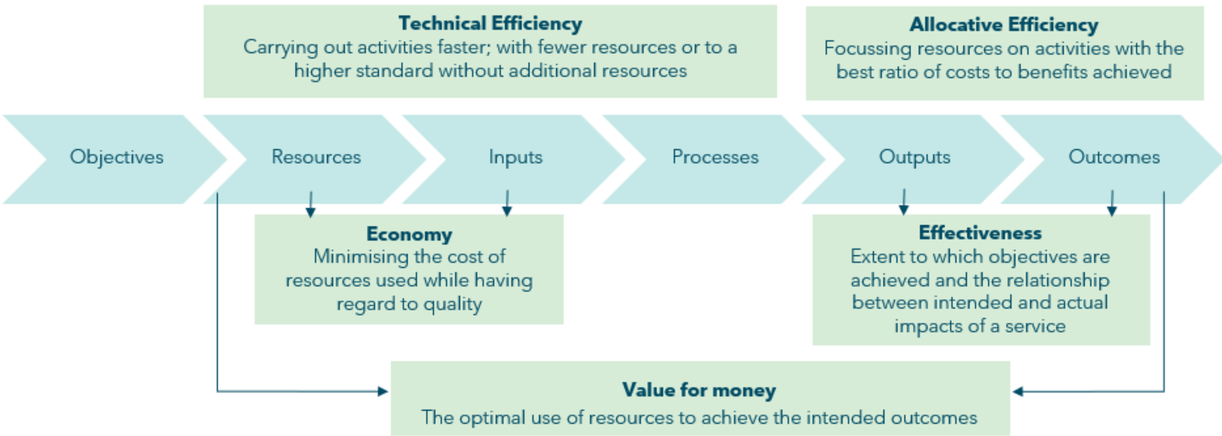
P3	Agree a long-term investment plan for highway assets to address the outcome of the latest condition survey.
A1	Design and implement a formal feedback mechanism for the Jersey Resilience Forum Executive Group to brief the Government's Executive Leadership Team.
A3	Consider options for collection of accurate data on numbers of properties offering visitor beds on online platforms such as Airbnb.

I also published a Good Practice Guide to Efficiency Savings in June 2025 that contains a useful definition of Efficiency Savings (see exhibit below) as well as guidance on actions to be taken to identify, delivery and embed efficiency gains.



Source: UK National Audit Office

I trust that you will find this response to be of assistance.

Yours sincerely

Lynn Pamment CBE
Comptroller and Auditor General