

Grants and Subsidies - Follow Up

Project Specification

Background

Providing grants to third parties is an important means by which 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.

In December 2017, the Comptroller and Auditor General (C&AG) issued a report *Grants and Subsidies*. The report considered the development, oversight, management and evaluation of grants and subsidies awarded to third parties by the Government of Jersey. The report contained 17 recommendations. At 31 December 2023 the Government of Jersey's Recommendations Tracker assessed that 11 out of these 17 recommendations had been implemented. At that time, the Government also assessed that the remaining recommendations would be implemented by the end of June 2024.

In December 2022, the C&AG issued a report *Grants to Arts, Heritage and Culture Organisations*. The report considered the effectiveness of the plans and processes in place to implement, and monitor delivery of, the new Arts and Heritage Strategies adopted by the Government of Jersey. The report contained seven recommendations, one area of work planned that should be prioritised and two areas for consideration. At 31 December 2023 the Government assessed that three of the seven recommendations remained to be implemented. All were expected to be implemented by the end of January 2024.

The Government continues to make extensive use of grants and subsidies to third parties. Exhibit 1 summarises the value reported in the 2023 States of Jersey Group Annual Report and Accounts.

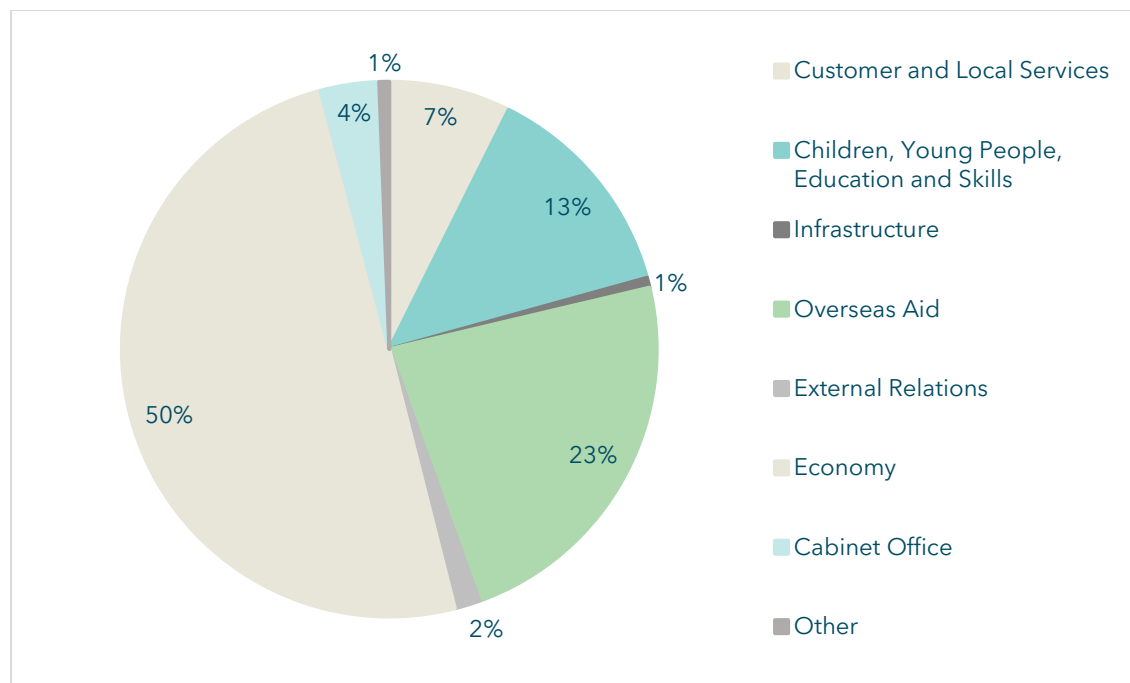
Exhibit 1: 2023 Grants and Subsidies Payments

	Value
Significant grants greater than £75,000	£62,063,000
Significant grants where individual grants are less than £75,000 but in total greater than £75,000	£11,593,000
Other (including grants less than £75,000, adjustments and eliminations)	£447,000
Total	£74,103,000

Source: Jersey Audit Office analysis of States of Jersey Group Annual Report and Accounts 2023

The Economy Department was responsible for the award of 50% of grants and subsidies by value in 2023, as shown in Exhibit 2:

Exhibit 2: Analysis of Grants and Subsidies by Department



Source: Jersey Audit Office analysis of States of Jersey Group Annual Report and Accounts 2023

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 follow up review will consider:

- the progress made in implementing agreed recommendations from the 2017 and 2022 C&AG Reports
- the extent to which the recommendations as implemented have addressed the improvement areas identified in the Reports; and
- the adequacy of plans for the implementation of any outstanding recommendations.

In doing so, the review will evaluate:

- the effectiveness of the States' overall arrangements for the award of grants and subsidies; and
- the effectiveness of the arrangements for a sample of grants and subsidies against the criteria used in the 2017 Report and updated against more recent good practice used by the UK National Audit Office.

Scope

The review evaluates the effectiveness of arrangements for the development, oversight, management and evaluation of grants and subsidies awarded to third parties.

The review will evaluate arrangements across a sample of departments and a sample of grants and subsidies schemes. The samples will include, but not be limited to, the Economy Department, the Children, Young People, Education and Skills Department and the Office of the Chief Executive.

The review will not extend to the Jersey Overseas Aid Commission.

Audit approach

This audit will use a combination of a result-oriented approach and a system-oriented approach.

The review will commence with an initial documentation request. The findings of the document review will be followed up by interviews with key officers and potentially with other stakeholders.

The review will commence in June 2024.

The detailed work will be undertaken by affiliates engaged by the C&AG.

Audit criteria

To assess relative performance during our audit, we will use the following criteria.

1. The States have a clear strategy/vision for the use of grant and subsidy funding.
2. Departments maximise public value by considering all funding options before providing grant funding and/or subsidies.
3. Planning and design of grants and subsidies are strategic, proportionate and outcome focussed.
4. Appropriate monitoring arrangements are in place to assess compliance with financial controls and ensure outcomes are achieved.



JERSEY AUDIT OFFICE

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