

Transparency and Excellence in Annual Reporting

27 September 2024

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Report by the Comptroller and Auditor General: 27 September 2024

This report has been prepared in accordance with Article 20 of the Comptroller and Auditor General (Jersey) Law 2014.

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Summary

Introduction

1. 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.
2. 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 and feedback sessions, the publication of Frequently Asked Questions (FAQs) and the publication of *Annual Report Self-Assessment Tools*.
3. Consistent with previous reviews, for this 2024 report I have reviewed the annual reports and, where available publicly, the annual accounts produced for the States of Jersey Group and by Jersey entities that are either:
 - identified in the States of Jersey Group Annual Report as controlled by the States; or
 - established by the States Assembly and required to prepare an annual report and/or accounts.
4. I have reviewed 40 annual reports for 2023 that were published by 31 July 2024. The full list of annual reports I have considered in each of the years since 2020 is set out in Appendix One. I have considered the content of all the annual reports and accounts reviewed against a set of criteria that encompasses:
 - 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.
5. The scoring methodology for assessing 2023 annual reports is set out in Appendix Two.
6. To assist entities in improving their performance I am also publishing an updated *Good Practice Guide* updated for 2024 that draws out examples from the better performing entities.

Key findings

7. In each of the last four years I have reported that annual reports of States controlled and States established entities have been getting better. This trend has continued for a fifth year. For the 2023 annual reports I noted there are improvements in 65% of entities reviewed. However the rate of improvement is slowing.
8. In overall terms 75% of 2023 annual reports reviewed were judged as good or fair against the best practice standards and principles that I have identified (30 out of 40 entities reviewed). This compares to 76% of 2022 annual reports reviewed (29 out of 38 entities reviewed).
9. Performance reports continue to be stronger than accountability reports within annual reports. The key area requiring improvement in many accountability reports remains the reporting of staffing matters, particularly remuneration of board members and of senior staff in smaller entities. I note that some entities have particular concerns about data protection, and risks around sharing personal data. However, while some entities disclose this as a reason for not sharing data, others are silent on their reasons for not including information on staff composition, staff policies or other employee matters, such as whether or not the entity employs staff.
10. As noted in my report last year, larger entities can have the ability to devote greater resources to preparing their annual reports. However, my analysis this year shows there is no consistent link between the size of the entity and how closely the content of its annual report matches the good practice principles I have adopted in my assessment. Half of the smaller entities achieve a score of good or fair. However the challenge for smaller entities is to consider how they can improve the content and accessibility of their annual reports within the resources available to them.
11. Six of the entities reviewed missed their 2023 annual report deadlines. Two published their reports within a month of the deadline, one within two months of the deadline and three within three months of the deadline. Four of these six entities have a reporting deadline of 31 March with the remaining two entities having a reporting deadline of 30 April. Five of the six entities also missed their reporting deadlines for their 2022 annual reports. My overall assessment of the 2023 annual reports of five of these entities was either good or fair.
12. Some progress has been made in implementing the wider recommendations from my previous reports. In addition, the 2023 States of Jersey Group Annual Report and Accounts has continued to improve. The inclusion of an 'In Brief' section, structured around the three sustainable wellbeing themes of the Island Outcomes

as well as corporate performance, includes both positive and negative success measures.

13. There is an ongoing global focus on reporting of sustainability in its widest sense, to encourage entities to take positive action to address environmental, social and governance (ESG) issues. I updated the criteria I use to assess the quality of sustainability disclosures in my review of the 2023 annual reports. I noted a small increase in the number of entities (25 of 40 reports reviewed) referring to climate and sustainability issues, but there is more that can be done to improve reporting on ESG issues.

Conclusions

14. I am pleased to see that the improvement I have noted in prior years in the annual reports of States controlled and States established entities has mostly been maintained, and, in a number of reports, incrementally enhanced. However, the rate of improvement has slowed, and I encourage entities to consider how to address the matters raised in this report and use my *Good Practice Guide* to make further improvements. This should not necessarily mean adding to the length of reports, but stepping back to evaluate whether the annual report provides a fair, balanced and understandable assessment of what the entity does, and how it achieved its objectives during the year.
15. I am also pleased to note the progress made by the States of Jersey in implementing my recommendations from previous reports. I will continue to monitor progress, particularly in relation to setting minimum requirements for annual reporting, including sustainability reporting, in States controlled and States established entities.

Objectives and scope of the review

16. The review has evaluated the 2023 annual reports of the States of Jersey Group, States controlled entities and entities established by the States, 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.
17. These criteria and the scoring methodology are set out in Appendix Two.
18. The review sought to identify the progress being made by entities in improving their annual reporting. It also sought to identify and share good practice through the publication of an updated *Good Practice Guide*.

Detailed findings

Overall content

19. Exhibit 1 summarises the key elements I consider to be good practice in a single annual report.

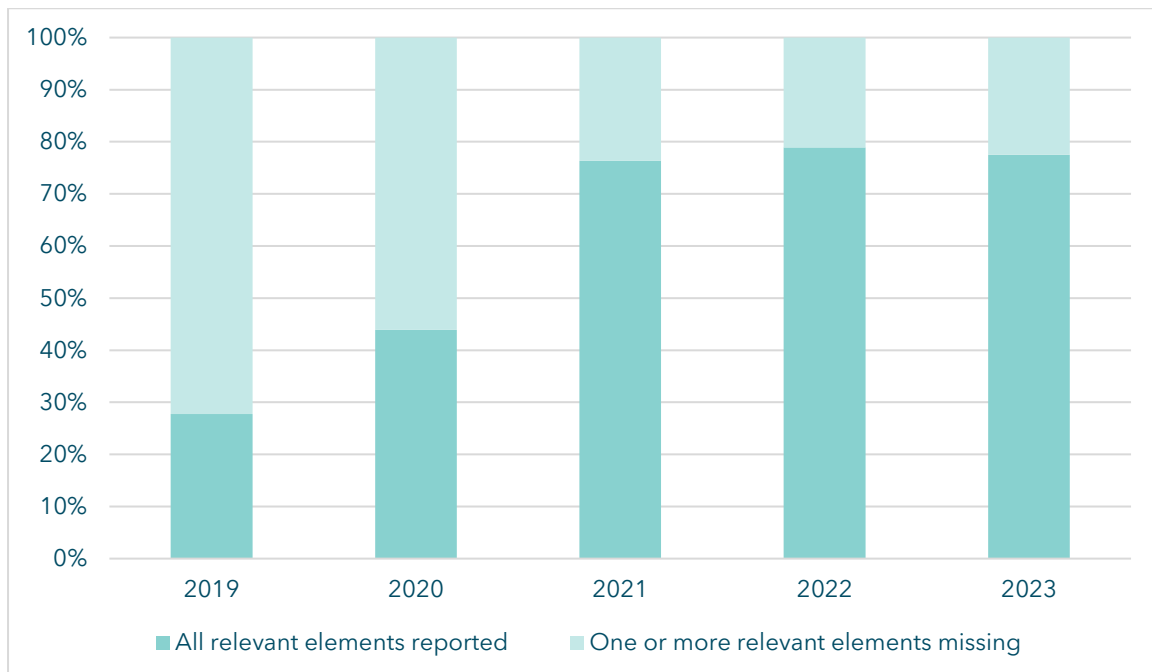
Exhibit 1: Good practice single annual reports

Single Annual Report		
 Supporting accountability	 Transparent	
 Accessibility	 Understandable	
Performance Report	Accountability Report	Financial Statements
 Strategy	 Directors' or equivalent report	 Prepared under a suitable framework
 Risks	 A statement of responsibilities	 Suitably assured
 Operations	 A governance report	
 Performance analysis	 A remuneration and staff report	
 Financial performance		

Source: Jersey Audit Office

20. Entities need to adapt good practice to their circumstances. For example:
- where entities are not required to prepare financial statements, I would expect annual reports to present other relevant financial information
 - exceptionally, where an entity has no income or expenditure, for example because costs are incurred by a third party, I would expect this to be explained; and
 - where an entity does not engage any staff, for example because services are contracted out, I would expect the annual report to set out the arrangements that are in place.
21. I reviewed the 2023 annual reports for 40 entities. This compares with 38 entities reviewed for my 2023 report. The annual report for one entity reviewed in the prior year was not available by 31 July 2024 but the 2023 annual reports of three additional entities were reviewed.
22. Of the annual reports reviewed, 78% included information on performance, accountability and (where relevant) finances. This is similar to the previous year (79%) even though the specific entities reviewed have changed (Exhibit 2).

Exhibit 2: Annual reports including information on performance, accountability and (where relevant) finances

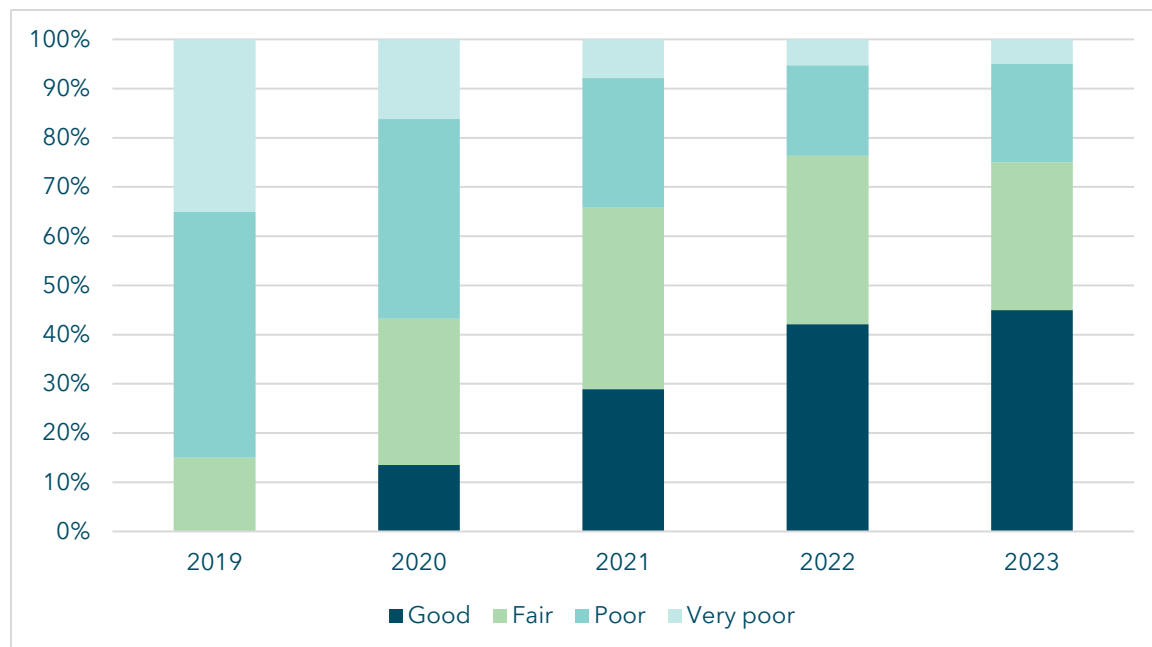


Source: Jersey Audit Office analysis of annual reports

23. In each of the last three years, I have reported that annual reports of States controlled and States established entities have been getting better. This trend has continued for a fourth year:

- 70% of entities maintained or improved the content of their 2023 annual reports compared to 2022, with 5% making significant improvements; and
- 75% of entities continue to produce an annual report with content I judge as good or fair compared to best practice standards and principles (see Exhibit 3).

Exhibit 3: Overall assessment of the content of annual reports 2019 to 2023



Source: Jersey Audit Office analysis of annual reports

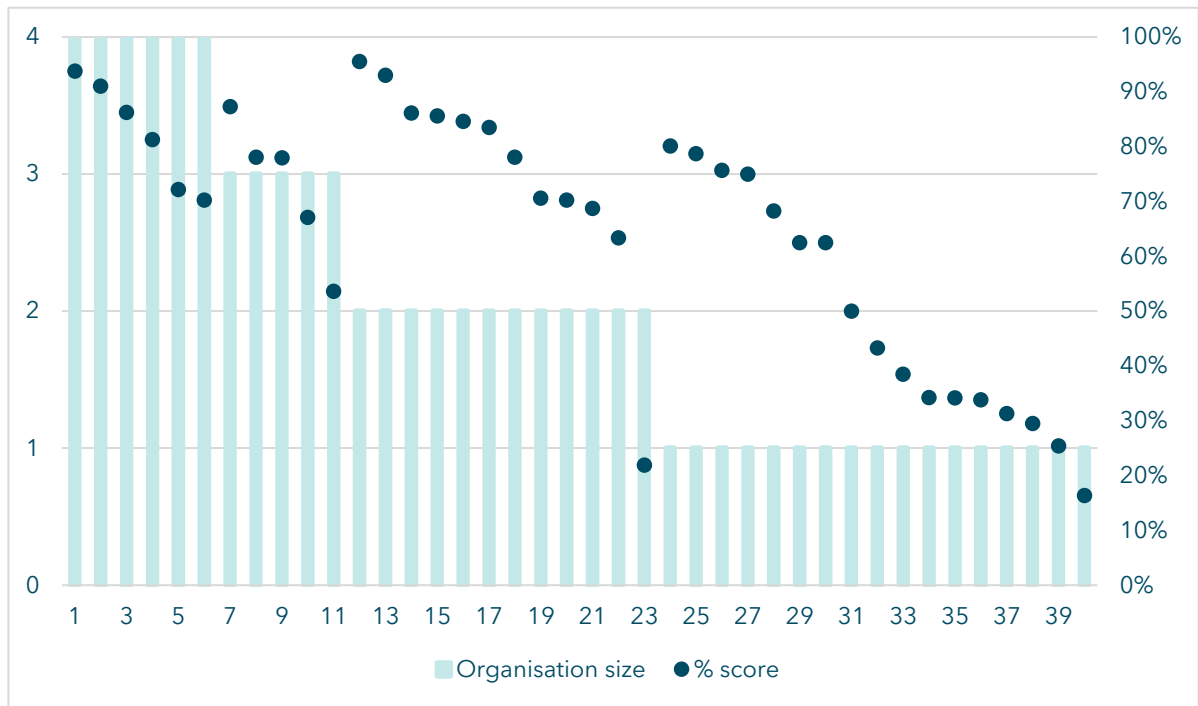
24. I note, however, that the pace of significant improvement has slowed, and there are specific areas within annual reports where performance against best practice has also slowed. I cover these areas in more detail later in my report.

25. Last year I reflected that entities should ensure they consider the needs of their stakeholders when considering whether, and how, to add content to their annual report:

- larger entities may need to review how they tell the story of their year effectively and succinctly
- smaller entities may need to pay particular attention to proportionality when applying best practice

- many reports would benefit from better signposting, for example through an overview of key sections to explain their purpose and summarise key messages; and
 - few performance and accountability reports are signed and dated by the chief executive, accountable officer or equivalent.
26. These points remain relevant for those bodies where their annual report falls behind others.
27. The three entities that I considered to have the best overall 2023 annual reports are (alphabetically):
- Andium Homes
 - Jersey Care Commission; and
 - Jersey Electricity.
28. This year, I have analysed in Exhibit 4 below whether there is a correlation between the size of an organisation and the score achieved. For the purposes of this exercise, I grouped entities into the following groups by reported expenditure:
- Very large: expenditure greater than £100 million (labelled 4 in Exhibit 4)
 - Large: expenditure from £10 million to £100 million (labelled 3 in Exhibit 4)
 - Medium: expenditure from £1 million to £10 million (labelled 2 in Exhibit 4); and
 - Small: expenditure less than £1 million, or no expenditure reported (labelled 1 in Exhibit 4).
29. My analysis in Exhibit 4 shows there is no obvious link between the size of the entity and how well the content of their annual report matches the good practice principles I have adopted in my assessment. For example, all but one medium size organisations are marked as either good or fair. The challenge for smaller entities, although one half of all those bodies achieve a score of good, is to consider how they can improve the content and accessibility of their annual reports with more limited resources available to them.

Exhibit 4: Relationship between size of entity and overall score

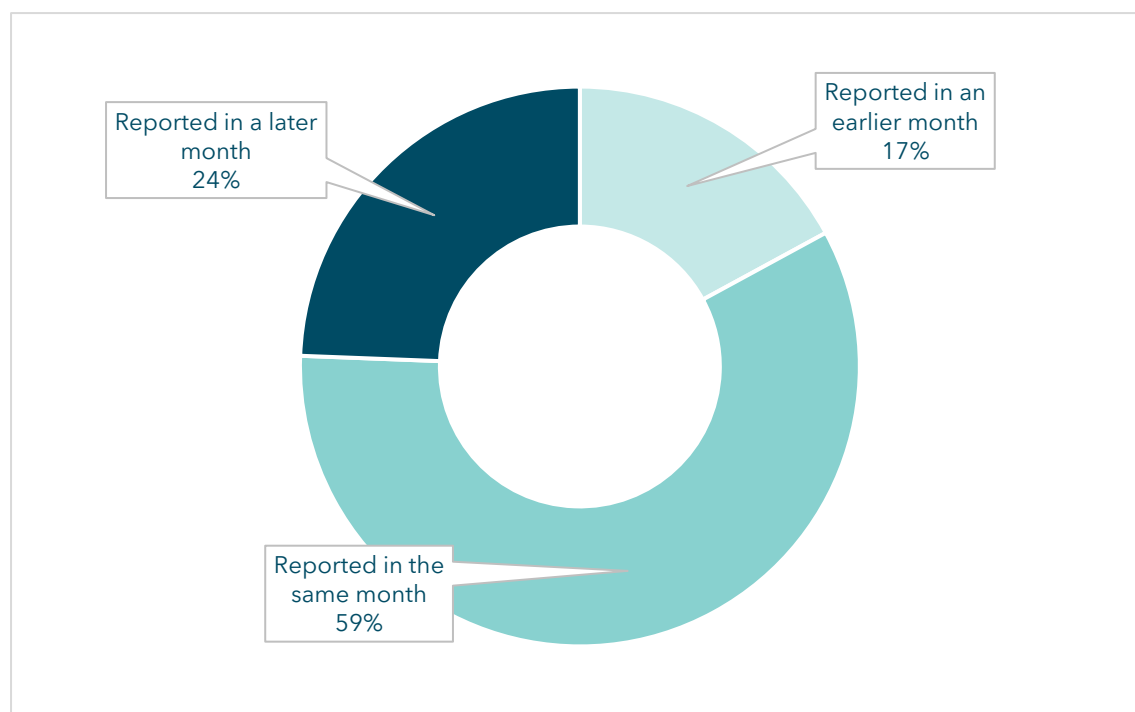


Source: Jersey Audit Office analysis of 2023 annual reports

Timeliness of publication of annual reports

30. For 2023 annual reports, more than half of entities reported in the same month as for 2022 reports, 17% reported in an earlier month and 24% in a later month (see Exhibit 5).

Exhibit 5: Reporting dates for 2023 annual reports compared to 2022 annual reports



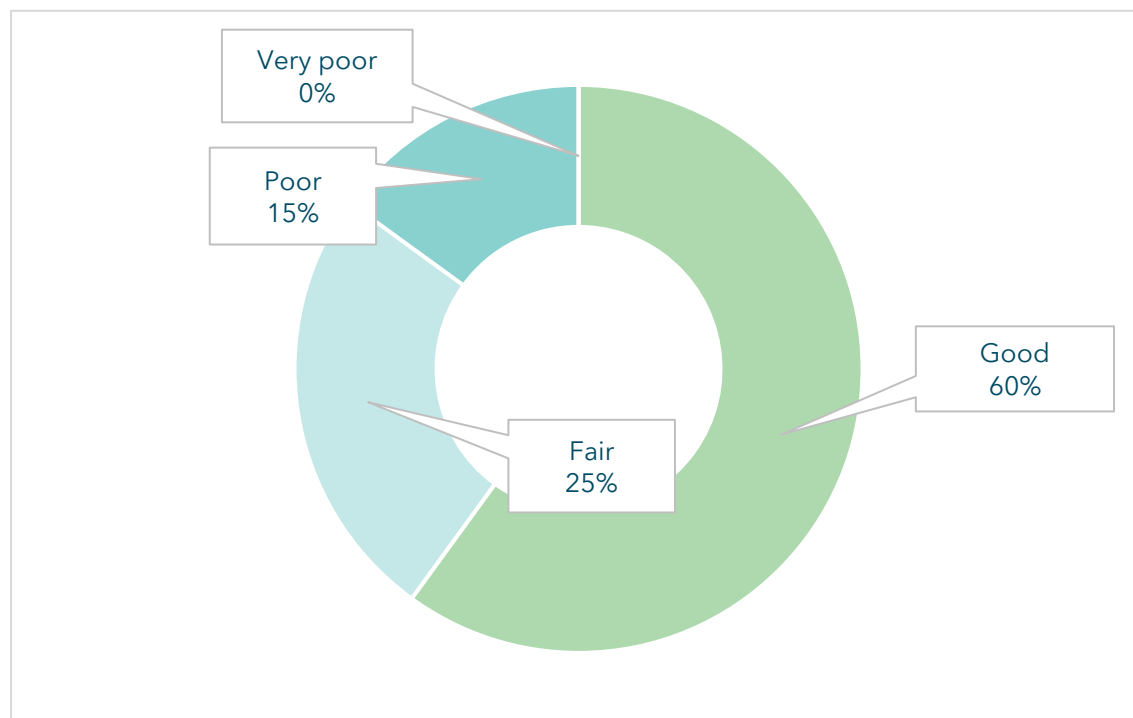
Source: Jersey Audit Office analysis of 2022 and 2023 annual reports

31. Six entities reviewed missed their 2023 annual report deadlines with two publishing within a month of the deadline, one publishing within two months of the deadline and the remaining three publishing within three months of the deadline. Four of these six entities have a reporting deadline of 31 March with the remaining two entities having a reporting deadline of 30 April. Five of the six entities also missed their reporting deadlines for their 2022 annual reports. My overall assessment of the 2023 annual reports of five of these entities was either good or fair.

Performance reports

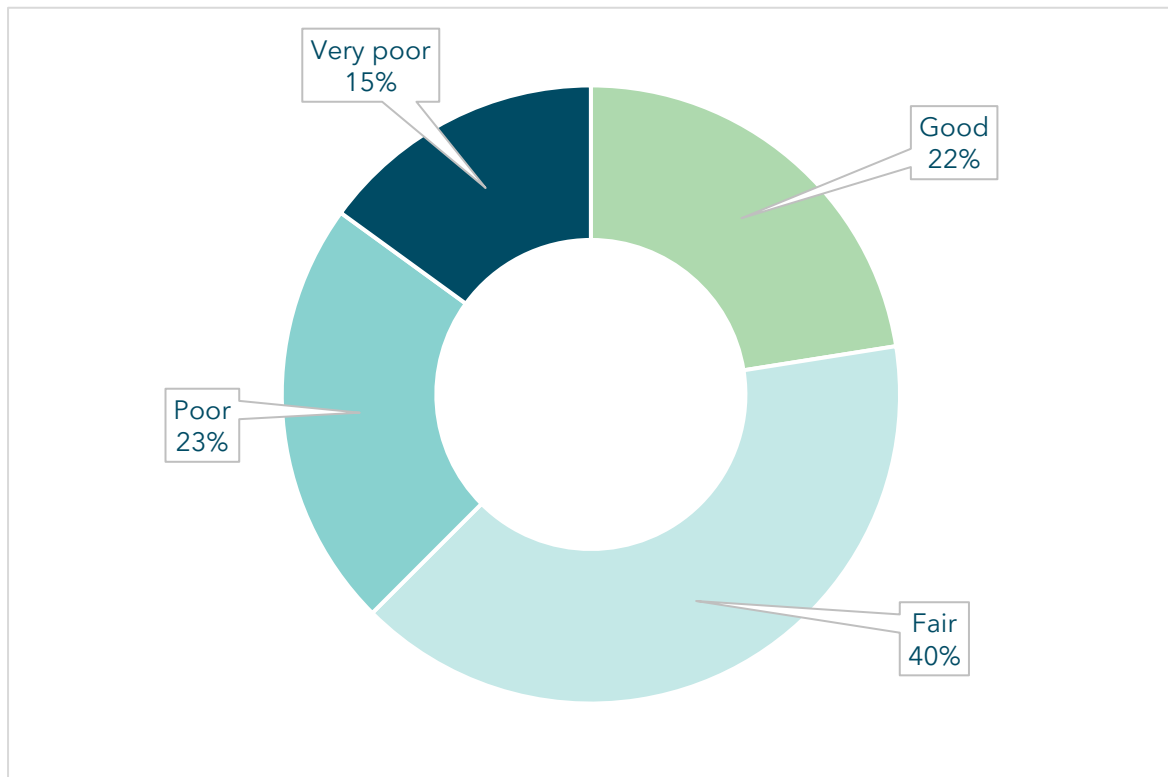
32. Performance reports should be:
- balanced, fair and understandable; and
 - tell the full story of an entity, including both positive and negative aspects of performance.
33. In my report last year, I noted that performance reports had continued to improve from previous years, despite the change in my methodology for assessing performance reports. My review of the 2023 reports, which included three that were not reviewed in the prior year, has shown a slight increase in the number of bodies being assessed as meeting good or fair minimum standards, but a reduction when compared to best practice:
- 85% of performance reports are good or fair (84% in the prior year) compared to the minimum content I would expect to be reported (see Exhibit 6); and
 - 62% of performance reports are good or fair (71% in the prior year) when compared to best practice (see Exhibit 7).

Exhibit 6: 2023 performance reports compared to minimum standards



Source: Jersey Audit Office analysis of 2023 annual reports

Exhibit 7: 2023 performance reports compared to best practice



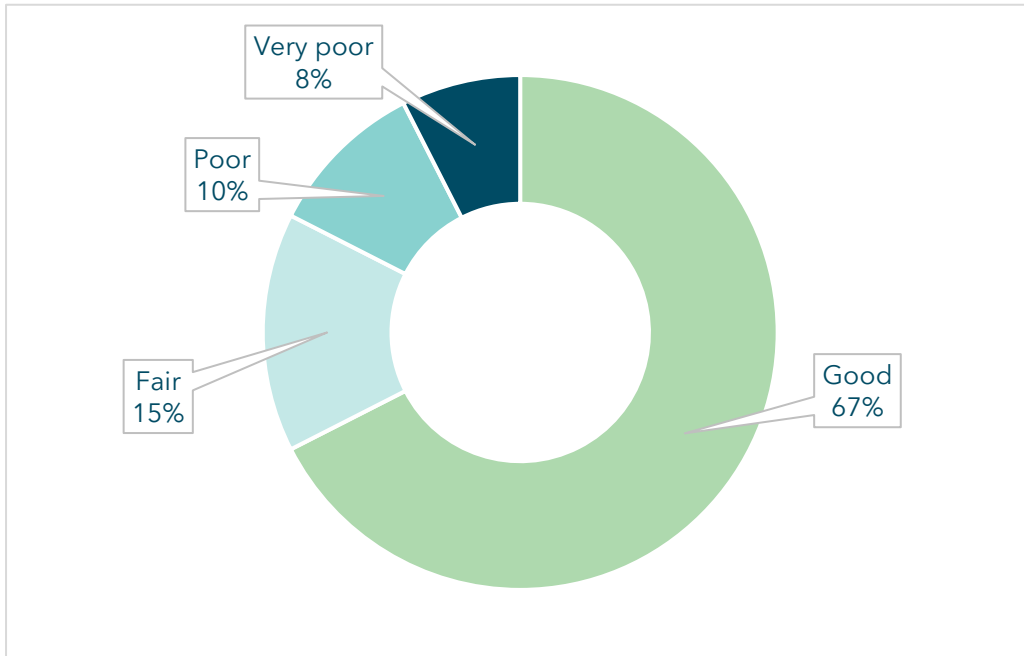
Source: Jersey Audit Office analysis of 2023 annual reports

34. As well as changes in the mix of the annual reports reviewed, I also changed the criterion for environmental, social and governance (ESG) issues which has impacted the scoring against best practice. I comment further on this later in my report.

Accountability reports

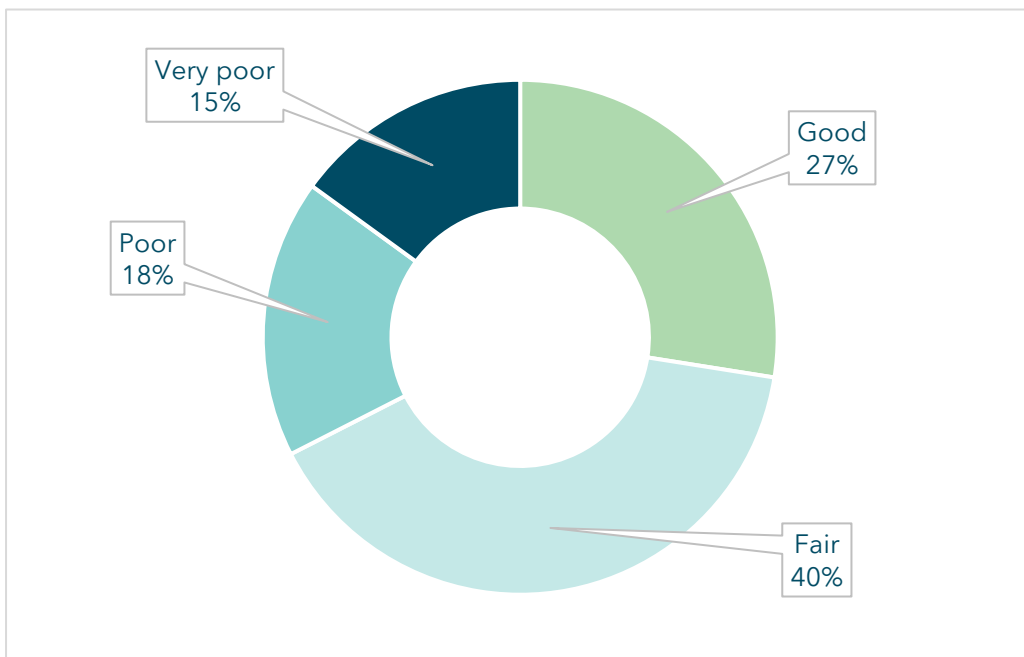
35. Accountability reports should be signed and dated by the chief executive, accountable officer or equivalent. They should contain at least two sections:
- a **corporate governance** report, which as a minimum should include:
 - the directors' or equivalent report
 - a statement of responsibilities; and
 - a governance statement; and
 - a **remuneration and staff** report.
36. Entities should provide at least a short overview of these sections and explain how they contribute to the entity's accountability and practice in the context of corporate governance norms and codes.
37. I revised my methodology for assessing accountability reports in the previous year. There continue to be improvements made by entities in accountability reporting in 2023 reports:
- 82% of accountability reports are good or fair (81% in the prior year) compared to the minimum content I would expect to be reported (see Exhibit 8); and
 - 67% of accountability reports are good or fair (63% in the prior year) when compared to best practice (see Exhibit 9).

Exhibit 8: 2023 accountability reports compared to minimum standards



Source: Jersey Audit Office analysis of 2023 annual reports

Exhibit 9: 2023 accountability reports compared to best practice

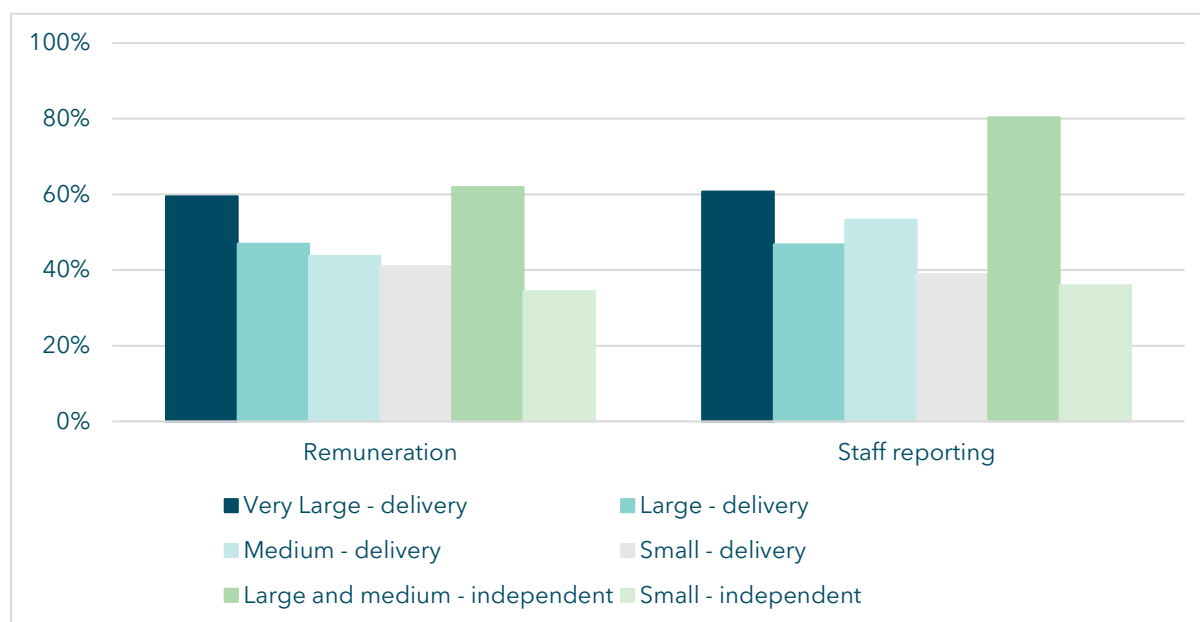


Source: Jersey Audit Office analysis of 2023 annual reports

38. I reported last year that the rate of improvement for accountability reports is slower than for other elements of the annual report. While there are small changes in the entities reviewed each year, 18% of 2023 accountability reports are poor or very poor compared to minimum standards (19% in the prior year) and 33% are poor compared to best practice (37% in the prior year).

39. While this demonstrates ongoing improvement, the key areas where accountability reports continue to fall short of best practice are:
- staff reporting and disclosure of remuneration of board members and of senior officers
 - disclosure of potential conflicts of interest of board members and senior officers or stating there are none. I note that as last year, the process for managing conflicts can be well described; and
 - highlights of the board and committee reports, an assessment of the board's performance and the actions being taken to make improvements.
40. I have undertaken further analysis this year to consider whether there is any evidence to suggest that the size of the entity, or type of entity, impacts the assessments in these areas, and specifically in relation to remuneration and staff reporting.
41. For the purposes of this analysis, I grouped entities by size as described earlier in this report. In addition, I grouped entities into two broad categories:
- Service delivery: entities that are delivering a service to Islanders; and
 - Independent bodies and office holders: entities that are providing a regulatory or oversight function (excluding legal functions).
42. The average scores by size and type of delivery entity show that the large and medium sized independent bodies and office holders score most highly for remuneration and staff reporting (see Exhibit 10).

Exhibit 10: 2023 average scores for remuneration and staff reporting



Source: Jersey Audit Office analysis of 2023 annual reports

43. The reporting of information on staff and remuneration continues to be a significant area for improvement, and not just for the smaller bodies as demonstrated above. I repeat the comment made in my previous reports that staff and remuneration reporting is fundamental to ensuring transparency and accountability of public entities.
44. I acknowledge that there are valid concerns around data privacy, particularly for smaller bodies with few staff. However, while some entities disclose this as a reason for not sharing data, others are silent on their reasons for not including information on staff composition, staff policies or other employee matters, such as whether or not the entity employs staff.
45. Until the States of Jersey set out their minimum requirements for staff and remuneration reporting, improvements in accountability reports may remain limited. I understand that the Government is planning to update the Public Finances Manual to place additional responsibilities on Accountable Officers in respect of the annual reporting of Arm's Length Bodies.
46. The States of Jersey have also approved P.31/2023 that requires:
 - the States Employment Board to publish annually:
 - a breakdown of gender pay relative to salary bands for each Government department, commencing January 2024

- a breakdown of gender pay for full-time and part-time Government employees, commencing January 2024; and
- a report of the income ratio of the highest and lowest income earners within each Government department, commencing January 2024; and
- the Council of Ministers to encourage all Arm's Length Organisations and Specified Organisations (as defined in the Public Finances (Jersey) Law 2019) to publish their gender pay and income ratio information in a transparent manner as soon as practicable.

47. I consider these disclosures to represent best practice.

Overall Good Practice Principles

48. There are, in my view, four overall principles for good practice in annual reports, as shown in Exhibit 11.

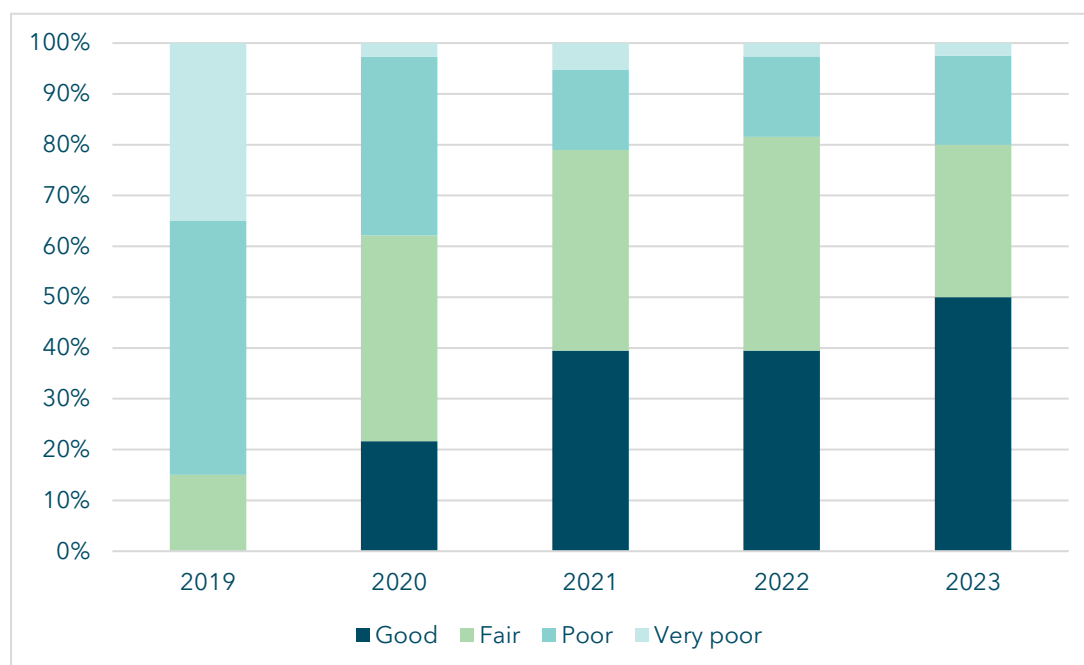
Exhibit 11: Overall principles for good practice annual reporting



Source: National Audit Office Good Practice in Annual Reporting January 2022

49. These principles should be evident across the sections of the annual report.
50. The proportion of annual reports demonstrating fair or good compliance with best practice principles is in line with last year at 80%, with an increase in the proportion of entities scoring as good (see Exhibit 12).

Exhibit 12: 2019 to 2023 annual reports compared to best practice principles



Source: Jersey Audit Office analysis of 2023 annual reports



Supporting Accountability

51. I have previously reported that most annual reports tend to emphasise positive aspects of performance and would tell a more balanced story by discussing areas where performance has been disappointing. I have noted in my review this year that a number of bodies have sought to provide a more balanced view, which is encouraging.
52. However, particularly for some smaller entities, the annual report does not clearly set out the purpose or strategy of the organisation. Without these key elements, it is more difficult to demonstrate compliance with best practice reporting requirements. For example, not all annual reports include the minimum content I have identified in relation to the accountability report.



Transparency

53. As I have previously reported, many annual reports provide a significant amount of information and discuss what entities have done, their challenges and the risks they face. However, it is not always clear whether entities have achieved what they set out to achieve, performed well or managed their risks successfully. This does not mean that reports need to get ever longer, but transparent annual reports

focus on clearly communicating these messages. I therefore repeat my commentary from last year about what organisations can do:

- provide a clear line of sight to show how activities, performance measures, challenges and risks are derived from strategic objectives
- quantify performance measures and risks
- be clear about whether performance is satisfactory and risks have been addressed; and
- provide short but insightful narrative to help stakeholders understand the context of the information provided.



Accessibility

54. The best annual reports have clearly been designed with stakeholders in mind by, for example, providing short summaries to highlight important messages.
55. I was unable to locate any meaningful financial information published as part of the 2023 annual report for ten entities reviewed. It is important to provide a commentary on finances, in addition to audited accounts or other financial statements to explain how well the entity is managing its financial position.



Understandable

56. As in previous years, reports were generally well written in plain English. More reports are using tables, graphs and infographics to enhance understandability. As I reported last year however, there remains scope for more entities to adopt this approach.

Setting requirements for annual reporting

57. In 2022 I consolidated the recommendations from all my previous reports into five recommendations. The current status of the implementation of these recommendations is summarised in Exhibit 13.

Exhibit 13: Current status of previous consolidated C&AG recommendations

Recommendation	Current status	Evaluation
<p>R1 Finalise and set out minimum requirements for annual reports and accounts for States established and States controlled entities. In doing so, consider:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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. 	<p>Recommendation accepted with target implementation date of 31 March 2024.</p> <p>The States are currently in the process of determining which entities meet the definition of States established and States controlled entities.</p> <p>Further work will then be required to implement this recommendation. This work is not currently being prioritised by the Government.</p>	<p>Not implemented</p> <p>Limited progress has been made.</p>

Recommendation	Current status	Evaluation
<p>R2 Introduce a requirement for Statistics Jersey to produce an annual report.</p>	<p>Recommendation accepted with a target date of December 2024.</p> <p>Legislation is required to effect this change and is planned as part of wider changes designed to preserve the independence of Statistics Jersey.</p> <p>Reported by officers as being on track.</p>	<p>Implementation in progress</p> <p>Progress is being made.</p>
<p>R3 Set out a public ambition and timetable for the production of a States of Jersey annual sustainability report. In doing so, consider:</p> <ul style="list-style-type: none"> • 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. 	<p>The 2023 sustainability report was included in the 2023 States of Jersey Group Annual Report and Accounts.</p> <p>It takes into account the Jersey Performance Framework and the UN Sustainable Development Goals.</p> <p>The report acknowledged there is further work to do around setting metrics and targets, and in obtaining appropriate comparative data.</p>	<p>Partially implemented</p> <p>While the States of Jersey have developed their sustainability reporting they have not implemented the recommendation in full.</p>

Recommendation	Current status	Evaluation
<p>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 disclosures.</p>	<p>Recommendation accepted with a target date of December 2023.</p> <p>Limited progress is reported by officers although there is a publicly stated intention to implement this recommendation.</p>	<p>Not implemented</p> <p>Limited progress has been made.</p>
<p>For all entities:</p> <p>R5 Continue to improve annual reporting. In doing so, consider:</p> <ul style="list-style-type: none"> • any minimum requirements set out by the States of Jersey • how to improve reporting on performance, accountability (including director and staff remuneration) and finances • how to use an appropriate framework to improve sustainability reporting; and • other good practice identified in this report and my <i>Good Practice Guide</i>. 	<p>Year on year improvements across the entities reviewed demonstrated as set out throughout this report.</p>	<p>Good progress is being made.</p> <p>Implementation of recommendations R1 to R4 will support further improvements in 2024 annual reporting and onwards.</p>

Source: Jersey Audit Office analysis

58. I have included in Appendix Three of this report details of those recommendations that remain to be implemented.

Reporting for the States of Jersey Group

59. The 2023 States of Jersey Group annual report has continued to improve, and I assessed it as good in each of the areas I reviewed:
- overall content
 - performance reporting
 - accountability reporting; and
 - best practice principles.
60. I noted last year that the performance report was particularly strong. The addition of an 'In Brief' section is a continued improvement. It has been structured around the three elements of the Jersey Performance Framework plus corporate performance and includes both positive and negative success measures. This structure followed through into the detailed performance report, making appropriate links to the Common Strategic Policy.
61. I was also pleased to note that sustainability reporting has continued to improve, alongside the use of the Jersey Performance Framework within the performance report. I note the sustainability report acknowledged there is further work to do around setting metrics and targets and identifying comparative data.
62. I recommended two areas for improvement in my last report. The current status of the implementation of these recommendations is summarised in Exhibit 14:

Exhibit 14: Current status of 2023 recommendations to the States of Jersey

Recommendation	Current status	Evaluation
R1 Set out a project plan and timetable for the preparation and publication of full consolidated States of Jersey Group accounts.	Recommendation accepted with a target date of June 2024. Officers are currently discussing options for the preparation and publication of consolidated accounts with relevant parties.	Implementation in progress Progress is being made.

Recommendation	Current status	Evaluation
<p>R2 Set out minimum requirements for more granular financial reporting in Government department annual reports.</p>	<p>Recommendation accepted with a target date to implement for the 2024 accounts.</p> <p>Officers have identified the minimum requirement and are currently deciding on the most appropriate mechanism to implement this.</p>	<p>Implementation in progress</p> <p>Progress is being made.</p>

Source: Jersey Audit Office analysis

63. I have included in Appendix Three of this report details of those recommendations that remain to be implemented.

Developments in sustainability reporting

64. The purpose of sustainability reporting is to encourage organisations to take positive action to address environmental, social and governance (ESG) issues by:
- setting out the organisation’s ESG ambitions; and
 - reporting the progress it is making in achieving these ambitions.
65. Sustainability reporting includes, but is wider than, reporting on climate change (see Exhibit 15).

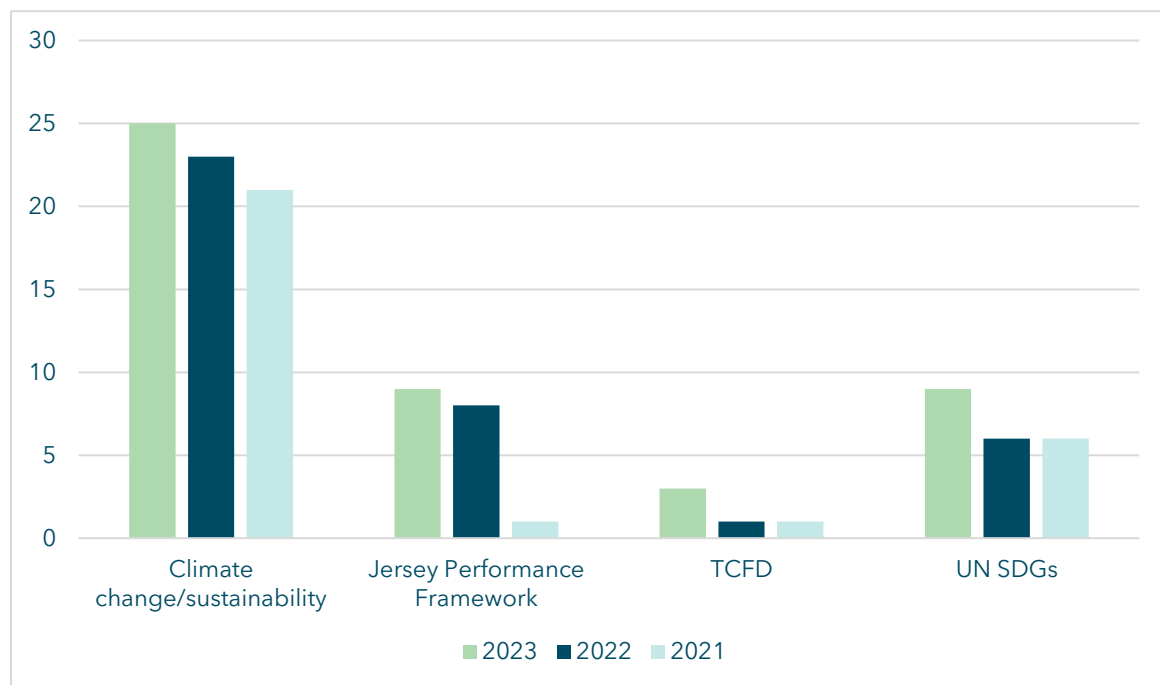
Exhibit 15: Potential areas of sustainability reporting

Area	Potential reporting issues
Environment	<ul style="list-style-type: none"> • Climate change • Use of natural resources • Polluting discharges • Waste • Biodiversity and ecosystem conservation
People	<ul style="list-style-type: none"> • Employees and workforce • Social matters
Human rights	<ul style="list-style-type: none"> • Reporting criteria used • Supply chains • High risk areas for civil and political rights • Impacts on indigenous and local communities • Conflict-affected areas • Data protection
Anti-corruption	<ul style="list-style-type: none"> • Commitment to fight against corruption • Whistleblowing channels
General positive impacts	<ul style="list-style-type: none"> • Impact of products/services • Opportunities

Source: Jersey Audit Office Annual Reporting Workshop 2023

66. In my last report, I highlighted a range of international frameworks that are in place and being developed. I also referenced the Jersey Performance Framework which comprises a set of measurements by which the Island’s progress towards sustainable wellbeing goals can be judged. Further details on these are included in Appendix Three for reference.
67. There has been a small increase in the number of annual reports that refer to climate or sustainability issues: 25 out of the 40 annual reports reviewed for 2023, compared to 23 out of 38 annual reports for 2022. I also noted a small increase in the number of bodies referring to the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Sustainable Development Goals (UN SDGs) in the annual reports reviewed for 2023 (see Exhibit 16).

Exhibit 16: Annual reports referring to climate change/sustainability issues and relevant reporting frameworks



Source: Jersey Audit Office analysis of 2021 to 2023 annual reports

68. I updated the criteria I use to assess the quality of ESG disclosures in my review of the 2023 annual reports (see Exhibit 17).

Exhibit 17: Assessment criteria for environment, social and governance issues

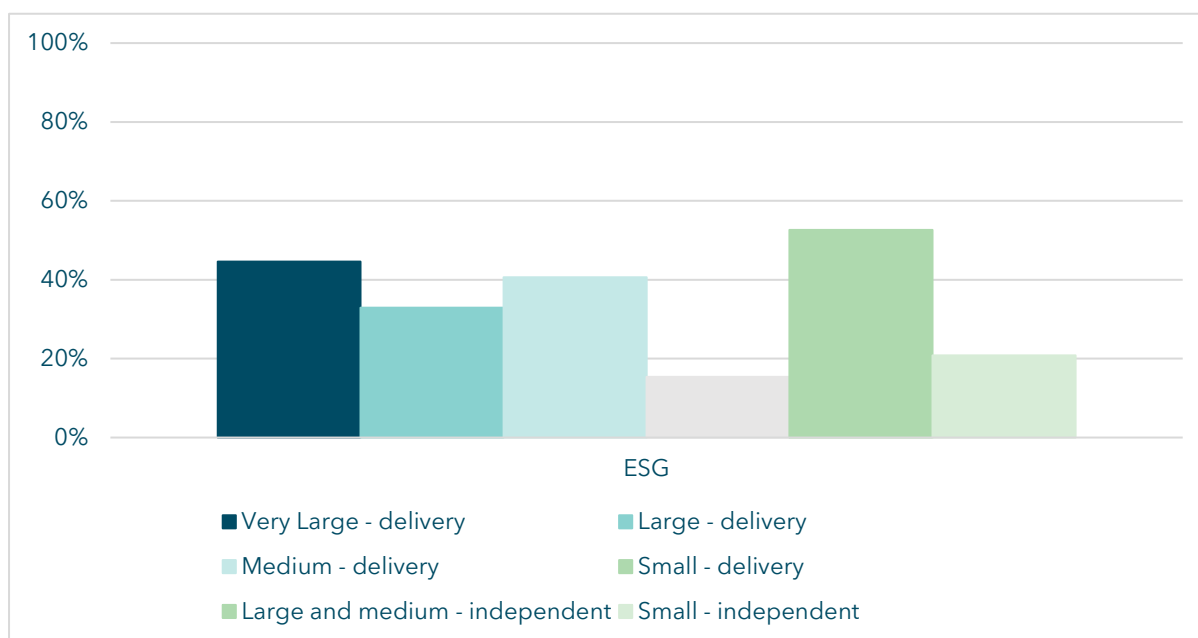
Assessment criteria

- Sustainability reporting considers environmental, social **and** governance issues
- Sustainability related information includes:
 - governance arrangements around climate risks and opportunities
 - strategy in respect of climate risks and opportunities
 - how the entity identifies, assesses, and manages climate-related risks; and
 - metrics and targets used to assess and manage relevant climate-related risks and opportunities;
- Annual report summarises the entity's
 - performance against sustainability metrics and targets; and
 - contribution towards a recognisable sustainability framework (such as the [Jersey Performance Framework](#) or [UN Sustainable Development Goals](#); and
- Other external drivers that influence and impact on current objectives considered.

Source: Jersey Audit Office criteria

69. I have reviewed the results from my assessment of the 2023 annual reports to consider whether there are any notable trends in how well entities score against the above criteria. In general, the smaller entities provide less, or no, information on ESG issues compared to medium sized and larger entities (see Exhibit 18).

Exhibit 18: Average scores for ESG reporting in 2023 annual reports



Source: Jersey Audit Office analysis

Appendix One

Annual reports and accounts reviewed

The reviews for each year encompassed a desk-based evaluation of the latest published annual reports and financial statements of the following entities available at the time of the fieldwork. For the 2023 annual reports, I reviewed annual reports available at 31 July 2024. The criteria used are set out in Appendix Two.

Entity	2023 Documents reviewed	Annual Reports reviewed				
		2019	2020	2021	2022	2023
Andium Homes	Annual Report	✓	✓	✓	✓	✓
Bureau des Iles Anglo-Normandes	<i>Not available in any year</i>					
Care Commission	Annual Report	✓	✓		✓	✓
Channel Islands Brussels Office	<i>Not available in any year</i>					
Charity Commissioner	Annual Report	✓	✓	✓	✓	✓
Charity Tribunal	Annual Report		✓		✓	✓
Children's Commissioner	Performance Report	For 2018 to 2019	✓	✓	✓	✓
Criminal Injuries Compensation Board	Annual Report	For 2016 to 2018				✓
Data Protection Authority	Jersey Office of the Information Commissioner Annual Report	✓	✓	✓	✓	✓
Digital Jersey	Annual report and financial statements	✓	✓	✓	✓	✓

Entity	2023 Documents reviewed	Annual Reports reviewed				
		2019	2020	2021	2022	2023
Director of Civil Aviation	Annual Report to the States Assembly	✓	✓	✓	✓	✓
Financial Services Commission	Annual Report		✓	✓	✓	✓
Financial Services Ombudsman	Annual Report	✓	✓	✓	✓	✓
Gambling Commission	Annual Report and Accounts	✓	✓	✓	✓	✓
Government of Jersey London Office	Financial Statements		✓	✓		
Independent Prison Monitoring Board	Annual Report	✓	✓	✓	✓	✓
Jersey Advisory and Conciliation Service	Annual Report	✓	✓	✓	✓	✓
Jersey Appointments Commission	Annual Report	✓	✓	✓	✓	✓
Jersey Bank Depositors Compensation Scheme	Annual Report and Audited Financial Statements	For year to 31 Jan 2019	For year to 31 Jan 2021	For year to 31 Jan 2022	For year to 31 Jan 2023	For year to 31 Jan 2024
Jersey Business	Annual Report and Accounts	✓	✓	✓	✓	✓
Jersey Competition Regulatory Authority	Annual Report and Accounts	✓	✓	✓	✓	✓

Entity	2023 Documents reviewed	Annual Reports reviewed				
		2019	2020	2021	2022	2023
Jersey Consumer Council	Annual Report	For 2018	✓			
Jersey Electricity	Annual Report and Accounts	✓	✓	✓	✓	✓
Jersey Employment and Discrimination Tribunal	Annual Report	✓	✓	✓	✓	✓
Jersey Finance	Annual Report	✓	✓	✓		✓
Jersey Heritage and the Archivist	Annual Report				✓	✓
Jersey Law Commission	<i>Not available in any year</i>					
Jersey Legal Information Board	Annual Report and Financial Statements	✓	✓	✓	✓	✓
Jersey Overseas Aid Commission	Annual Report	For 2018	✓		✓	
Jersey Post International Limited	Business Review	For 2018	✓	✓	✓	✓
Jersey Probation and After-Care Service	Annual Report and Strategic Priorities			✓	✓	✓
Jersey Resolution Authority	Annual Report				✓	✓
Jersey Sport	Annual Report	For 2018	✓	✓	✓	✓

Entity	2023 Documents reviewed	Annual Reports reviewed				
		2019	2020	2021	2022	2023
Jersey Teachers' Superannuation Fund	Annual Report	✓	✓	✓	✓	✓
JT	Annual Report and consolidated financial statements	✓	✓	✓	✓	✓
Jersey Water	Annual Report and Financial Statements	For year to 30 Sept 2019	✓	✓	✓	✓
Mental Health Tribunal	<i>Not available in any year</i>					
Multi-Agency Public Protection Arrangements	Annual Report		✓	✓		
Office of the Comptroller and Auditor General	Annual Report and Accounts		✓	✓	✓	✓
Police Complaints Authority	Annual Report	✓	✓	✓	✓	✓
Ports of Jersey	Annual Report	✓	✓	✓	✓	✓
Prison Service	Annual Report		✓			
Public Employees' Pension Fund	Annual Report	✓	✓	✓	✓	✓
Public Lotteries	Report		✓			
Safety Council	Financial Statements		✓	✓	✓	✓
States Assembly	Annual Report	✓	✓	✓		

Entity	2023 Documents reviewed	Annual Reports reviewed				
		2019	2020	2021	2022	2023
States Employment Board	Annual Report	✓	✓	✓	✓	✓
States of Jersey	Group Annual Report and Accounts	✓	✓	✓	✓	✓
States of Jersey Development Company	Annual Report and Consolidated Financial Statements	✓	✓	✓	✓	✓
States of Jersey Police	Annual Report	For 2018		✓		✓
Statistics Jersey	<i>Not required to produce an Annual Report</i>					
Tenancy Deposit Scheme	<i>Not available in any year</i>					
Visit Jersey	Annual Report and financial statements	✓	✓	✓	✓	✓

Appendix Two

Scoring methodology for 2023 annual reports

Throughout this report I have categorised annual reports as 'Good', 'Fair', 'Poor' or 'Very Poor'. The categorisation is based on the following boundaries:

- Good = 75% or more of the relevant score available
- Fair = 50% to 74% of the relevant score available
- Poor = 25% to 49% of the relevant score available; and
- Very poor = less than 25% of the relevant score available.

The scoring methodology for individual 2023 annual reports is set out in the following tables.

Overall Content

	Criteria	Mark available	Guidance notes
	Overall content		
1.	The annual report and accounts include: <ul style="list-style-type: none">• a performance report• an accountability report; and• the financial statements.	2 to 3	Good practice annual reports typically set out three distinct sections. However, provided all three areas are covered and are easily identifiable, alternative structures may be appropriate. Where entities are not required to publish audited financial statements, other relevant financial information should be provided (for example an income and expenditure statement). Exceptionally, where the entity has no income or expenditure, this section should be marked out of two.
	Total for overall content	2 to 3	

Performance Report – minimum

	Criteria	Mark available	Guidance notes
	Performance Report - minimum		
2.	Performance reporting is fair, balanced and understandable.	1	
3.	The performance report tells the full story of the entity.	1	This should include both positive and negative aspects of how the entity has performed across the year, so that readers can have confidence in any judgements and so that it is clear that reporting is trustworthy and transparent.
4.	The annual report demonstrates that the Accountable Officer, Chief Executive, or equivalent has taken ownership of the reporting of performance.	1	This is typically achieved by the most senior executive officer signing and dating: <ul style="list-style-type: none"> • a distinct performance report; or • the annual report as a whole.
5.	The performance report contains: <ul style="list-style-type: none"> • a statement of purpose • a statement from the lead Minister, Chief Executive or equivalent setting out their perspective on how the entity has performed • the key issues and risks that could affect the entity in delivering its objectives • a performance analysis showing performance against priorities (and any other organisational strategic objectives and goals) • information on environmental matters • other non-financial information such as social responsibility, respect for human rights, anti-corruption and anti-bribery matters and diversity • a financial review; and 	6 to 8	A going concern statement is only required where there are reasons for going concern to be called into doubt. This means that for most entities this section should be marked out of seven. Exceptionally, where an entity has no income or expenditure, a financial review may also not be required. In such cases this section should be marked out of six.

	Criteria	Mark available	Guidance notes
	Performance Report - minimum		
	<ul style="list-style-type: none"> • <i>where relevant, an explanation of the adoption of the going concern basis.</i> 		
	Total for Performance Report minimum	9 to 11	

Performance Report – best practice

	Criteria	Mark available	Guidance notes
	Performance Report - best practice		
6.	<p>Strategy:</p> <ul style="list-style-type: none"> • clarity around purpose, strategic objectives and key programmes/projects • balanced view of progress against objectives • details of plans to implement priorities; and • strategy clearly linked to performance measures and risks. 	4	
7.	<p>Risks:</p> <ul style="list-style-type: none"> • clear articulation of the entity's risk management process • risks reflect the external environment and implications for the entity • clear links between risks, strategic objectives and the annual report narrative • quantified risks and realistic planned and implemented mitigations; and • discussion about how the dynamic of the risk profile has changed over time, including developments in relation to specific risks disclosed. 	5	
8.	<p>Operations:</p> <ul style="list-style-type: none"> • discussion of the entity's delivery model • narrative around how business operations support wider Government (or other) objectives • <i>for significant contracted-out services, discussion of how these contracts are awarded and how the entity manages the ongoing contract; and</i> • <i>consideration of capital investment and how it achieves value for money.</i> 	2 to 4	<p>Discussion of the delivery model should describe how the entity delivers its activities (for example in-house teams, contractors). It may also include discussion of:</p> <ul style="list-style-type: none"> • the reason for using the entity's delivery model • how it achieves value for money; and • different delivery models.

	Criteria	Mark available	Guidance notes
	Performance Report - best practice		
			<p>Where there are no significant contracted out services, the mark available for this section should be reduced by one.</p> <p>Where there is no capital investment (or any capital investment is not material) the mark available for this section should be reduced by one.</p>
9.	<p>Measures of success:</p> <ul style="list-style-type: none"> quantified key performance indicators (KPIs) aligned to strategic objectives balanced assessment of goals achieved and performance against targets; and graphics used to illustrate performance. 	3	
10.	<p>Financial performance:</p> <ul style="list-style-type: none"> an understandable and fair reflection of financial performance which is consistent with the underlying financial statements; and discussion of actual performance against expected/budgeted performance. 	0 to 2	Exceptionally, where the entity has no income or expenditure, this section is not marked.
11	<p>Environmental, social and governance (ESG)</p> <ul style="list-style-type: none"> sustainability reporting considers environmental, social and governance issues sustainability related information includes: <ul style="list-style-type: none"> governance arrangements around climate risks and opportunities strategy in respect of climate risks and opportunities how the entity identifies, assesses, and manages climate-related risks; and 	4	<p>Good practice sustainability reports typically bring ESG issues together in a single section. However, provided all three areas are covered and are easily identifiable, alternative structures may be appropriate.</p> <p>Further guidance on sustainability related disclosures is available from the Task Force on Climate-Related Financial</p>

	Criteria	Mark available	Guidance notes
	Performance Report - best practice		
	<ul style="list-style-type: none"> ○ metrics and targets used to assess and manage relevant climate-related risks and opportunities; ● annual report summarises the entity's <ul style="list-style-type: none"> ○ performance against sustainability metrics and targets; and ○ contribution towards a recognisable sustainability framework (such as the Jersey Performance Framework or UN Sustainable Development Goals); and ● other external drivers that influence and impact on current objectives considered. 		<p>Disclosures and The IFRS foundation.</p> <p>The International Federation of Accountants has published a sustainability checklist for small and medium enterprises. States controlled and States established entities may find this helpful.</p> <p>External drivers might include the cost of living crisis, international conflict and the continuing impact of issues such as the UK's EU exit and the COVID-19 pandemic.</p>
	Total for Performance Report - best practice	18 to 22	

Accountability Report - minimum

	Criteria	Mark available	Guidance notes
	Accountability Report - minimum		
12.	The annual report demonstrates that the Accountable Officer, Chief Executive, or equivalent has taken ownership of accountability reporting.	1	This is typically achieved by the most senior executive officer signing and dating: <ul style="list-style-type: none"> a distinct accountability report; or the annual report as a whole.
13.	The accountability report includes information on: <ul style="list-style-type: none"> the governance structure the board's (or equivalent) commitment to high standards of governance how the board (or equivalent) works effectively to govern the entity remuneration of board members (or equivalent) and other senior staff; and staffing or equivalent (such as a contracted-out workforce). 	4 to 5	Good practice annual reports typically set out this information in two distinct reports on: <ul style="list-style-type: none"> corporate governance; and remuneration/staffing <p>However, provided all issues are covered and are easily identifiable, alternative structures may be appropriate.</p> <p>Where an entity has no staff or equivalent, this section should be marked out of four.</p>
	Total for Accountability Report - minimum	5 to 6	

Accountability Report – best practice

	Criteria	Mark available	Guidance notes
	Accountability Report - best practice		
14.	<p>Information provided on corporate governance includes a directors' report that sets out:</p> <ul style="list-style-type: none"> the names of the Chair and Chief Executive (or equivalent) the composition of the management board (or equivalent). details of entity directorships and other significant interests held by members of the management board (or equivalent) which may conflict with their management responsibilities; and information on personal data related incidents where these have been formally reported to the Jersey Office of the Information Commissioner or confirmation that no incidents have been reported. 	4	<p>This information is typically provided as a directors' report (or equivalent). Alternative structures may be appropriate.</p> <p>The management board (or equivalent) may include advisory and/or non-executive members. It comprises those who have had authority or responsibility for directing or controlling the major activities of the entity during the year. This means those who influence the decisions of the entity as a whole, rather than the decisions of individual directorates.</p> <p>Entities may prefer to provide a link to an online register of interests instead of detailed disclosures in the annual report.</p>
15.	<p>Information provided on corporate governance includes a statement of responsibilities of the Accountable Officer (or equivalent) comprising:</p> <ul style="list-style-type: none"> an explanation of responsibilities of the Accountable Officer <i>a statement to confirm that, as far as they are aware, there is no relevant audit information of which the entity's auditors are unaware, and that the Accountable Officer has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information</i> 	1 to 3	<p>For entities that are not required to publish audited financial statements, the second and third bullet points are not required, and this section should be scored out one.</p>

	Criteria	Mark available	Guidance notes
	Accountability Report - best practice		
	<p>and to establish that the entity's auditors are aware of that information; and</p> <ul style="list-style-type: none"> a statement from the Accountable Officer to confirm that the annual report and accounts document as a whole is fair, balanced and understandable and that they take personal responsibility for the annual report and accounts document and the judgements required for determining that it is fair, balanced and understandable. 		
16.	<p>Information on corporate governance includes statements on:</p> <ul style="list-style-type: none"> the governance framework of the entity, including information about the board's (or equivalent) committee structure, its attendance records and the coverage of its work the board's (or equivalent) performance, including its assessment of its own effectiveness highlights of board committee (or equivalent) reports, notably by the audit and nomination committees; and an account of corporate governance including (where relevant) an assessment of compliance with any adopted corporate governance codes. 	4	<p>Not all entities are required to comply with a specific corporate governance code.</p> <p>Where an entity is required, or chooses, to comply with a specific corporate governance code, the account of corporate governance should include the board's (or equivalent) assessment of its compliance with explanations of any departures.</p>
17.	<p>Information on the remuneration of board members (or equivalent) includes:</p> <ul style="list-style-type: none"> the policy on the remuneration of directors (or equivalent) for the current and future years components and the overall single total remuneration figure for each director (or equivalent); and fair pay data such as: <ul style="list-style-type: none"> comparisons of the highest paid director's remuneration with average, lower quartile, mid-point 	2 to 3	<p>Components of the total remuneration figure may include:</p> <ul style="list-style-type: none"> salary and allowances performance pay or bonuses payable non-cash benefits accrued pension benefits; and compensation for loss of office and other severance payments.

	Criteria	Mark available	Guidance notes
	Accountability Report - best practice		
	<p>and upper quartile staff remuneration</p> <ul style="list-style-type: none"> ○ the range of staff remuneration; and ○ an explanation for significant changes from previous years. 		<p>This information may be set out in any part of the annual report. For example, some entities may wish to rely on remuneration disclosures included in the financial statements.</p> <p>Where no staff are employed, the fair pay data is not required and this section should be marked out of two.</p>
18.	<p>Subject to ensuring compliance with the Data Protection (Jersey) Law 2018 (the DPJL), the staff report includes the following information:</p> <ul style="list-style-type: none"> ● number of senior staff (or equivalent) by band ● staff numbers and costs ● staff composition including (where available) a gender analysis of directors, senior officers and employees ● sickness absence data ● staff policies applied during the year, for example in respect of disabled persons, diversity and equal opportunities ● other employee matters such as employee consultation and/or participation, health and safety at work, trade union relationships and human capital management (for example career management and employability, pay policy); and ● exit packages - summary data on the use of exit packages agreed in year. 	0 to 7	<p>Entities that do not employ any staff should not complete this section and complete section 19 instead.</p> <p>Entities that do employ staff will need to define senior staff and the pay reporting bands. For example, English local authorities report in bands of £5,000 the number of:</p> <ul style="list-style-type: none"> ● staff earning more than £50,000 a year who are statutory officers or report directly to the head of the paid service; and ● all staff earning more than £150,000 a year. <p>Entities will need to ensure that they do not breach the DPJL by, for example, unintentionally disclosing personal information. This is particularly relevant for entities with small workforces or where information, such as exit</p>

	Criteria	Mark available	Guidance notes
	Accountability Report - best practice		
			<p>packages, applies to a small number of individuals.</p> <p>Where entities have such concerns, they:</p> <ul style="list-style-type: none"> • should consult their data protection lead; and • may instead prefer to provide information on relevant policies and procedures and a commentary on their effectiveness and reasonableness. <p>Further information on personal information is provided by the Jersey Office of the Information Commissioner (JOIC) personal data checklist.</p>
19.	<p>For entities that do not employ any staff the annual report sets out clearly:</p> <ul style="list-style-type: none"> • that it does not employ any staff; and • how the entity carries out its activities (for example all activities delivered by board members, staff provided by the Government of Jersey, appointment of contractors/affiliates, use of volunteers). 	0 to 2	This section applies only to entities that do not employ any staff.
	Total for Accountability Report - best practice	13 to 21	

Best Practice Principles

	Criteria	Mark available	Guidance notes
	Best Practice Principles		
20.	Accountability: <ul style="list-style-type: none"> telling the story of the entity in a fair and balanced way compliance with the relevant reporting requirements; and clear action points to take forward. 	3	
21.	Transparency: <ul style="list-style-type: none"> frank and honest analysis consideration of the challenges the entity is facing appropriate use of data; and quantification of risks and performance measures. 	4	
22.	Accessibility: <ul style="list-style-type: none"> highlights key financial statement trends within the narrative concise summaries of key points; and consideration of how the entity engages with key stakeholders and meets their needs. 	3	
23.	Understandable: <ul style="list-style-type: none"> plain English to explain difficult concepts infographics and diagrams to communicate important messages; and clearly integrated report structure to help users navigate it effectively. 	3	
	Total for Best Practice Principles	13	

Appendix Three

Sustainability Frameworks and Jersey Performance Framework

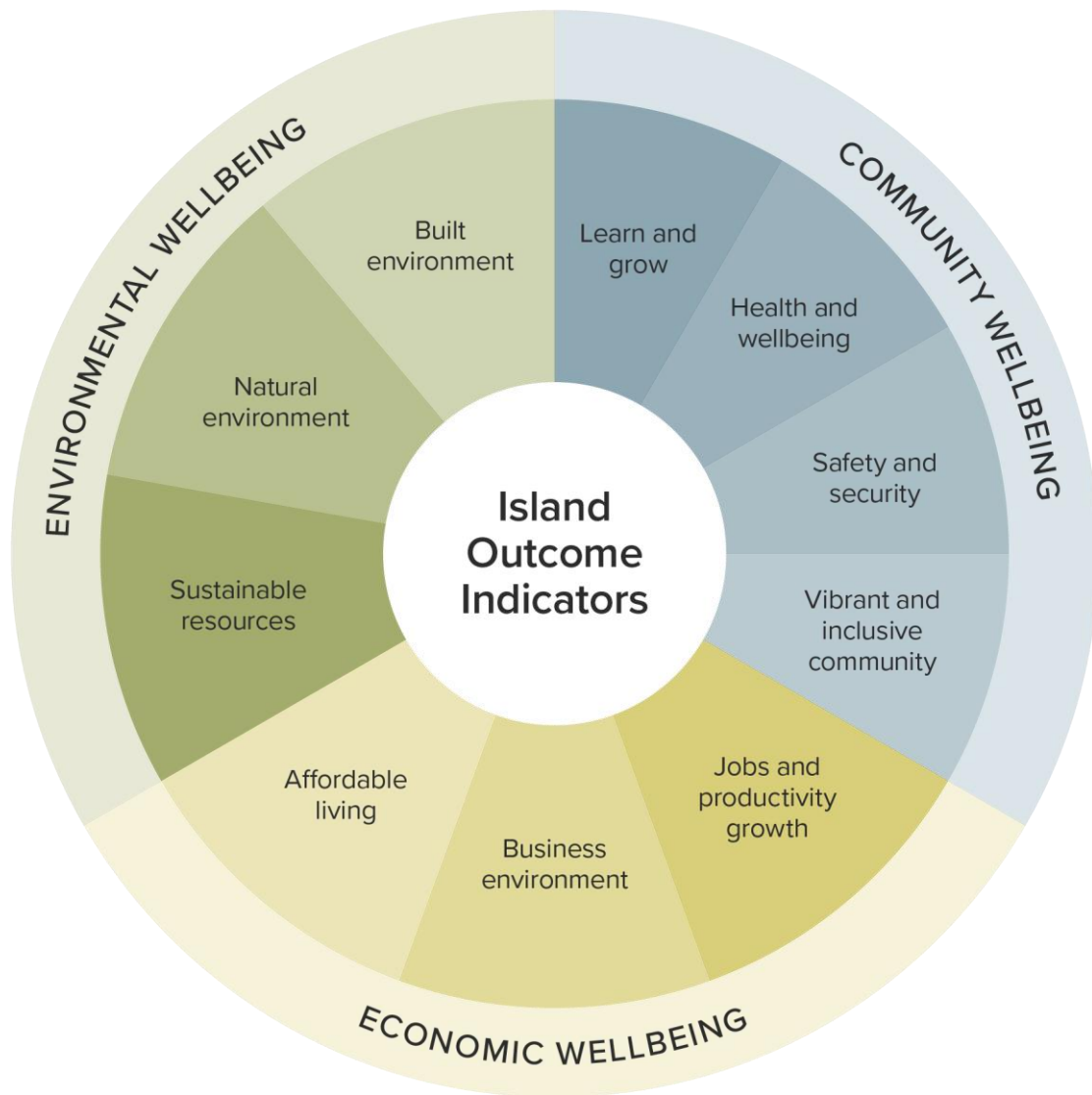
There is a range of international frameworks in place and being developed. These include:

- **Task Force on Climate-related Financial Disclosures (TCFD)** – created by the Financial Stability Board to improve and increase reporting of climate-related financial information
- **International Sustainability Standards Board (ISSB)** – established by the trustees of the International Financial Reporting Standard (IFRS) Foundation to develop reporting standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures focussed on the needs of investors and the financial markets
- **International Public Sector Accounting Standards Board (IPSASB)** – develops accounting standards and guidance for use by public sector entities. IPSASB is currently researching and scoping public sector specific sustainability projects
- **UN Sustainable Development Goals (SDGs)** – in 2015 the UN published 17 SDGs in an urgent call for action by all countries in a global partnership. The SDGs recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests; and
- **Global Reporting Initiative (GRI)** – the GRI publishes standards for sustainability reporting that are designed to be used by any organisation regardless of size or sector.

The Government of Jersey has developed its own Performance Framework. This comprises a set of measurements by which the Island's progress towards sustainable wellbeing goals can be judged. The Framework consists of two parts:

- Island outcome indicators; and
- service performance measures.

Exhibit: Jersey Performance Framework (Island Outcomes and Sustainable Wellbeing)



Source: Government of Jersey

Appendix Four

Summary of Remaining Open Recommendations

2022 Report

- 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.
- R2** Introduce a requirement for Statistics Jersey to produce an annual report.
- 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 disclosures.

R5 **For all entities:** Continue to improve annual reporting. In doing so, consider:

- any minimum requirements set out by the States of Jersey
- how to improve reporting on performance, accountability (including director and staff remuneration) and finances
- how to use an appropriate framework to improve sustainability reporting; and
- other good practice identified in this report and my *Good Practice Guide*.

2023 Report

R1 Set out a project plan and timetable for the preparation and publication of full consolidated States of Jersey Group accounts.

R2 Set out minimum requirements for more granular financial reporting in Government department annual reports.



JERSEY AUDIT OFFICE

LYNN PAMMENT CBE
Comptroller and Auditor General

Jersey Audit Office, De Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT
T: +44 1534 716800 E: enquiries@jerseyauditoffice.je W: www.jerseyauditoffice.je