

# Treasury and Exchequer Ministerial Decision Report



## AMENDMENTS TO PUBLIC FINANCES MANUAL – JUNE 2023

### 1. Purpose of Report

To gain approval from the Minister for Treasury and Resources to amendments to the Public Finances Manual (PFM).

### 2. Background

The Public Finances Manual was issued with effect from 1<sup>st</sup> January 2020 by the Minister for Treasury and Resources. The Public Finances (Jersey) Law 2019 allows for amendments to be made by the Minister, and for the ability to make amendments to be delegated. Amendments delegated include those necessary to clarify requirements; those to ensure that the Manual is consistent with other published legislation, policies and procedures; and those which are required as part of an emergency as defined in Article 24 of the Public Finances (Jersey) Law 2019. All other amendments require Ministerial approval. The amendments proposed have been through the review process set in the Public Finances Manual for amendments which includes review by Accountable Officers and Heads of Finance Business Partnering as well as the Law Officers' Department. The proposed amendments are detailed in the attached table.

The Manual and all amendments must be issued to the States' Public Accounts Committee and made publicly available.

The amendments will be notified by letter to the Public Accounts Committee and will be effective from **1<sup>st</sup> June** 2023, with the exception of the new Conflicts of Interest section which will be effective once the associated new eform is ready to go live.

Main section	Sub-section	Intro/ Principles/ Requirements	Para(s)	Description of change	Reason for change
Expenditure	Letters of Comfort		New	New Section of the Manual (see appendix A). It clarifies procedures on how the additional funding from the General Reserve, for urgent and necessary expenditure are allocated, if the approved head of expenditure may be exceeded.  <b>Appendix A</b>	New section
Accountability	Governance Statements		New	New Section of the Manual (see appendix B). It sets out the process for Accountable Officers to submit annual Governance Statements (see the template, appendix C). These explain whether policies and rules have been complied with.	New section and supporting document

				<p><b>Appendix B</b></p> <p>Governance questionnaire template</p> <p><b>Appendix C</b></p>	
Financing	Guarantees and Indemnities		New	<p>New Section of the Manual (see appendix D). It confirms that only the Minister for Treasury and Resources can give guarantees and indemnities and explains how departments can request them.</p> <p><b>Appendix D</b></p>	New section
Expenditure	Budget transfers within a head of expenditure		New	<p>New Section of the Manual (see appendix E). It explains the process for moving budgets with a head of expenditure (normally a department or project). Proposes a new principle that budgets can't be overspent at Director (Service) level.</p> <p><b>Appendix E</b></p>	New section
Risk and audit	Conflicts of interest		New	<p>New section of the Manual (see appendix F). It proposes a new process to capture actual, potential or perceived conflicts of interest for all staff.</p> <p><b>Appendix F</b></p> <p><i>NB an eform has been developed to capture info on conflicts of interest. This section of the PFM will not be made effective until the form is ready to go live.</i></p>	New section
Assets	Assets			<p>All principles and requirement have been updated and are set out in the same format as in the other sections.</p> <p><b>Appendix G</b></p>	Update

Assets	Third party assets	Introduction and background, Principles and Requirements		New references to School Funds, HCS gift funds, Trust or Bequest funds and how money held on behalf of others is expected to be spent.  <b>Appendix H</b>	Update
Expenditure	Expenditure and procurement	Requirement		Changes relating to Procurement Procedures, IT spending, purchase cards and budgetary control, amongst others.  <b>Appendix I</b>	Update
Expenditure	Special payments	All contents and supporting document		The section is completely rewritten (see appendix J) and aims to make it much clearer when consultation or approval is required from Treasury and Exchequer.  <b>Appendix J</b>  Special payments template (appendix K)  <b>Appendix K</b>	Update
Expenditure	Expenditure to meet an Emergency	Requirements 1 and 9		New requirements, number 1 and 9. It makes clearer what is expected in the very early stages of an emergency situation.  <b>Appendix L</b>	Update
Expenditure	Changes to head of expenditure	Requirements 2 and 8		Minor consequential change to requirements 2 and 8 to remove requirement to notify the Treasurer of internal budget transfers over £250,000.	Update

### 3. Recommendations

The Minister is recommended to approve amendments to the Public Finances Manual (PFM) and to agree that the Public Accounts Committee should be notified of the amendments and that the PFM be updated to reflect the approved amendments. The amendments to be effective from **1<sup>st</sup> June 2023**. Training will be offered to officers on the amendments.

### 4. Reason for Decision

Under Article 31 of the Public Finances (Jersey) Law 2019 the Minister is responsible for issuing a Public Finances Manual (PFM) and may amend the PFM. A notice of all such amendments must be presented to the Public Accounts Committee as soon as practicable after amendments are made. The PFM and all amendments must be made publicly available.

## 5. Resource Implications

The proposed amendments should improve financial governance and control within the States of Jersey and there are no direct additional financial or manpower implications related to the amendments to the PFM.

Report author: Head of Financial Governance	Document date: xx June 2023
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