Appendix A - Civil Asset Recovery Fund (CARF)

Civil Asset Recovery Fund

Introduction and background

This section of the Manual only applies to forfeited funds actually paid into the Civil Asset Recovery Fund. Until then if funds/assets are being held by the Viscount subject to a Court order, they are the responsibility of the Viscount.

The States of Jersey is committed to the international fight against organised crime and places great importance on maintaining high standards in anti-money laundering practices and in ensuring that the perpetrators of such crime are not able to gain financially from their crimes.

The Island's legal and enforcement services are well aware that serious and organised crime heads use their resources to keep themselves distant from the crimes they are controlling and to mask the criminal origin of their assets, so that the assets appear legitimate. The Civil Asset Recovery (International Co-operation) (Jersey) Law 2007 (the Law) is one piece of the Island's legislation which enables Jersey to play its part in the forfeiture of the proceeds of crime and unlawful conduct. This Law enables assets to be removed in Jersey's civil court system without a criminal conviction, on the balance of probabilities that the assets in question represent the proceeds of crime, or of unlawful conduct.

The Civil Asset Recovery Fund is established under Article 11 of the Law to receive forfeits under the Law (and any other Law under which money recovered by any process is required to be paid into the Civil Asset Recovery Fund). This includes money obtained:

(a) by the Viscount, including through the sale of property (the Law provides the relevant details on the terms attached to any such sale); or

(b) under an asset sharing agreement, (being any agreement or arrangement made by or on behalf of Jersey with a country or territory outside Jersey for the sharing of the proceeds of unlawful conduct that, as a result of mutual assistance in proceedings (other than criminal proceedings), have been confiscated or forfeited either in Jersey or elsewhere).

Money in the Civil Asset Recovery Fund is managed and controlled by the Minister for Treasury and Resources and is available for the following purposes:

(a) to discharge Jersey's obligations under any asset sharing agreement;

(b) to pay the Viscount –

- (i) for managing property (including expenses reasonably incurred in managing that property) that has been vested in him or her under the Law *; and
- (ii) any amount required to be paid to the Viscount under any other Law under which money recovered by any process is required to be paid into the Civil Asset Recovery Fund;

(c) to meet expenses reasonably incurred by the Minister in administering the Civil Asset Recovery Fund;

(d) to meet expenses reasonably incurred by the Attorney General in the discharge of his or her functions under –

- (i) this Law, and
- (ii) any other Law under which money recovered by any process is required to be paid into the Civil Asset Recovery Fund.

* The Law also provides protection to the Viscount if it is necessary for him/her to take action under a property restraint order in relation to property which is not liable to be dealt with under an external civil asset recovery order.

Appendix A - Civil Asset Recovery Fund (CARF)

The Minister for Treasury and Resources is responsible for holding money paid into the Civil Asset Recovery Fund, and any interest earned on this money is paid into that Fund. Recovered funds can be in any currency. Users of this section should refer to other sections of the Public Finances Manual that are relevant. Specifically, these include:

- expenditure
- Income
- foreign currency.

In addition to the common risks identified in the Background and Introduction section of this Manual a number of significant risks relating to this section include:

- money paid into the Civil Asset Recovery Fund is not used for the purposes intended
- the States or Government of Jersey's reputation may be compromised as a result of poor control of the Civil Asset Recovery Fund
- transfers out or expenditure from the Civil Asset Recovery Fund are not properly authorised.

Principles

1. Money confiscated in accordance with the Law should be promptly collected and banked to the extent practicable.
   [It may take significant time for asset sharing agreements and litigations to be concluded and the Viscount may seize and manage portfolios of money, shares, unit trusts and other assets before they can be formerly collected and banked within the Civil Asset Recovery Fund. These assets are subject to the Court's direction].
2. Expenditure which can be legally incurred from the Civil Asset Recovery Fund should follow all relevant procedures set in the Manual for expenditure and procurement.
3. Where an asset is recovered in a foreign currency and paid into the Civil Asset Recovery Fund the Treasury and Exchequer should be notified so that consideration can be given to the most appropriate way to manage any foreign exchange exposure.
   [The Viscount may hold foreign currency before the court directs forfeiture and payment into the Civil Asset Recovery Fund. It is for the Viscount to decide how this is held until the Court orders otherwise].

Requirements

1. **Investing of unallocated funds**
   The Treasurer of the States must ensure that all unallocated money within the Civil Asset Recovery Fund is held in an appropriate bank account and that any interest due is paid into the Fund.

2. **Expenditure**
   The Treasurer of the States must ensure that only expenditure within the terms of the legislation governing the Civil Asset Recovery Fund is met directly from the Fund and that this is paid in line with legal agreements.

3. **Financial year end**
   At the end of each financial year, the Treasurer of the States must ensure that any money remaining in the Fund which is not required to meet any future obligations under the terms of

the Fund must be paid into the Consolidated Fund. For this purpose the Treasurer must obtain confirmation from the Attorney General that any money is not needed to meet any future obligations under the terms of the Fund.

4. **Reporting**
   Details on the financial affairs of the Civil Asset Recovery Fund must be reported in the States of Jersey's Annual Report and Accounts.

Appendix B - Court and Case Costs Smoothing Reserve

Court and Case Costs Smoothing Reserve

Introduction and background

This section applies to the following States Bodies and non-Ministerial Departments:

- Bailiff's Chambers
- Customs and Immigration (within Justice and Home Affairs)
- States of Jersey Police
- Jersey Probation Service
- Judicial Greffe
- Law Officers' Department
- Office of the Lieutenant Governor
- Viscount's Department
- Department for the Economy – funding for Jersey Competition Regulatory Authority

The Minister for Treasury and Resources may amend the above list but cannot exclude a body or department included in the list without prior consultation with that department. If the Minister adds a body during a financial year they should ensure that the financial needs of the existing bodies for Court and Case Costs can still be met in that year.

For the avoidance of doubt, Court and Case Costs expenditure is allocated by the States Assembly in an approved Government Plan for use by those States Bodies and non-Ministerial Departments who are responsible for and/or involved in the administration of the justice system. In relation to the Jersey Competition Regulatory Authority this is limited to court related costs incurred in carrying out that Organisation's regulatory and competition law functions, with funding requirements progressed through the Department for the Economy.

Should an Accountable Officer wish to reprioritise funding allocated for Court and Case Costs they must follow the Expenditure and procurement section of this Manual and specifically Requirement 19 - Sufficient budget to commit expenditure and to consult with their Head of Finance Business Partnering before seeking the formal approval of the Minister for Treasury and Resources.

The Court and Case Costs Smoothing Reserve, part of the Reserve head of expenditure, controlled by the Minister for Treasury and Resources, provides the mechanism for the States of Jersey to fund peaks and troughs in Court and Case Costs. In years where Court and Case Costs expenditure is lower than budgeted, budget surpluses are allocated to the Court and Case Costs Smoothing Reserve to build capacity for the future.

As part of the Government Plan process the level of funding within the Court and Case Costs Smoothing Reserve will be reviewed and replenished, as appropriate, with transfers made, where possible, from any of the following sources:

- underspends from the previous year's departmental allocations for Court and Case Costs
- the Criminal Offences Confiscation Fund (in accordance with article 24 of the Proceeds of Crime (Jersey) Law 1999)
- the Reserve head of expenditure

Should these sources be insufficient to meet forecast expenditure the States Assembly can make an allocation to the Reserve within a Government Plan.

A Court and Case Costs Review Group exists to ensure that there is a co-ordinated and consistent approach in forecasting and reviewing Court and Case Costs expenditure and in identifying funding options. The Review

Appendix B - Court and Case Costs Smoothing Reserve

Group comprises representatives from Treasury and Exchequer and those Departments who incur Court and Case Costs as defined in the Group's Terms of Reference. The Group's Terms of Reference require that all significant cases, including those that may draw on the Court and Case Costs Smoothing Reserve, are notified to Treasury and Exchequer as soon as possible.

Requests for funding from the Court and Case Costs Smoothing Reserve must be approved by the relevant Accountable Officer or Minister, where applicable. Users should also refer to the Statement of the Minister for Treasury and Resources on "Procedures for allocations from the Reserve" which provides more detail on procedures to be followed to access the Court and Case Costs Smoothing Reserve funding. The most up to date version is available on the States Assembly's website - Reports section.

Users of this section should refer to other sections of the Public Finances Manual that are relevant. Specifically, these include:

- government plan and budgeting
- expenditure and procurement
- Income
- reserve head of expenditure.

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks relating to this section, include:

- the States or Government of Jersey's reputation may be compromised as a result of poor control of Court and Case Costs
- the competition process and subsequent award of external contracts for legal work (where it is appropriate and practicable to adopt that process) is not open, fair or transparent and could be subject to legal challenge
- Court and Case Cost expenditure is not properly authorised
- money allocated for Court and Case Costs is spent on areas of expenditure outside the remit defined in the Court and Case Cost Review Group's Terms of Reference
- the cost of pursuing or defending a case is inefficient or unduly expensive in relation to the issue being litigated
- budget overruns become a burden on the Treasury and Exchequer

Principles

1. Budgets within departments and bodies for Court and Case Costs should be set which are realistic and assume that there are a set number of smaller and larger cases each year.
2. All Court and Case Cost expenditure should be correctly authorised and recorded as such.
3. Accountable Officers should, to the extent practicable, ensure that the procurement process is open, fair and transparent. It is recognised that in certain instances including to manage actual or potential conflict or due to the nature of the expertise or resource required or due to confidentiality issues that different processes may need to be followed.
4. At the end of each financial year under spends on budgets for Court and Case Costs will, subject to approval of the Minister for Treasury and Resources, be transferred to the Court and Case Costs Smoothing Reserve. Underspends will not be available for other purposes except with the express approval of the Minister for Treasury and Resources.
5. Any costs awarded by the Courts in favour of the States or otherwise recovered by a department should be recorded as recovery of costs. If funding from Court and Cases has previously been used for this case, the appropriate proportion of the recovered costs is to be repaid to the Court and Case Costs Smoothing Reserve. In certain instances, the department may seek approval from the Minister for Treasury and Resources to utilise any recovered costs to meet additional Court and Case Costs expenditure.

6. Court and Case Cost budgets may be used to fund court awards of costs against the States or Government, but should not be used to pay damages awarded by court without the express approval of the Treasurer of the States.

Requirements

1. **Schemes of Delegation**
Accountable Officers must, when appropriate, ensure that expenditure on Court and Case Costs is addressed in departmental Schemes of Delegation relating to expenditure.

2. **Expenditure controls**
Accountable Officers must ensure that there are appropriate controls and procedures in place over the Court and Case Cost expenditure process to ensure the effective and efficient use of resources.

3. **Approval**
The Court and Case Costs Review Group will assess requests for Court and Case Costs Smoothing Reserve funding prior to submission to Treasury and Exchequer. In instances where this is not possible Accountable Officers must, as soon as practicable, and prior to committing any unfunded Court and Case Costs expenditure, notify the Treasurer of the States of any anticipated expenditure including an estimate of the total cost that may not be met from within existing budgets. In all cases the Treasurer of the States must ensure that the relevant approval process for Smoothing Reserve funding is followed.

Neither the Treasurer of the States nor the Minister for Treasury and Resources will make any decision on the appropriateness of pursuing any Case.

4. **Value for money**
Accountable Officers must primarily ensure that procedures are in place to achieve value for money in the procurement of legal services and advice so far as is practicable. The best way of achieving this is through either the Procurement Best Practice Procedures Toolkit, unless an exemption has been approved (using the online Exemption process), or any other approved procedures (including those which may relate to a Legal Aid system). Where it is not practicable to follow pre-set procedures, relevant exemptions must be approved or supporting documentation retained to support the course of action taken.

The Law Officers' Department has established procedures for appointing external Crown Advocates, and external advocates undertaking adult and children's safeguarding cases. There are set fixed rates for this work. Provided those fixed rates are applied there is no need for that department to undertake any additional procurement process or complete an exemption form for a case where the costs exceed "Group 2 category" as defined in the Procurement Toolkit.

5. **One-off expensive cases**
Exceptionally, an Accountable Officer may identify a one-off potentially expensive case that needs funding outside of the normal Court and Case Costs Smoothing Reserve limits. The Accountable Officer must ensure that Treasury and Exchequer are notified of any such case as soon as possible and before any expenditure is committed. In such cases other provisions within this Manual must be followed (for example for Allocations from the Reserve).

6. **Reporting**

Appendix B - Court and Case Costs Smoothing Reserve

As part of the statutory reporting requirements the Minister for Treasury and Resources must report to the States at six monthly intervals regarding any transfers from the Court and Case Costs Smoothing Reserve identifying the head of expenditure to which it was applied.

7. **Payment of damages**

Approval of the Treasurer of the States must be sought before any court-awarded damages are paid from Court and Case Cost budgets. Those budgets may be used to pay awards of costs by a court.

8. **Reprioritisation of Court and Case Costs budgets**

Accountable Officers must not reprioritise funding allocated for Court and Case Costs without seeking the formal approval of the Minister for Treasury and Resources, and following consultation with their Head of Finance Business Partnering. This is in accordance with the Expenditure and procurement section of this Manual and specifically Requirement 19 - Sufficient budget to commit expenditure.

Appendix C - Feasibility

Feasibility grouped head of expenditure

Introduction and background

This section applies to all States Bodies as defined in the Public Finances Law and to all expenditure made by Accountable Officers of States Bodies, or on their behalf. The principles should be applied to all public expenditure by any person authorised by an Accountable Officer to undertake that expenditure.

A head of expenditure is defined in the Public Finances (Jersey) Law 2019 as a particular purpose or subject (including a major project), set out in a Government Plan, in respect of which an amount appropriated under the plan may be spent in a financial year.

Grouped heads of expenditure were introduced in the Government Plan 2022-2025. Grouped heads improve flexibility, allowing Accountable Officers to manage individual projects within a wider programme so that any individual delays or changes to project expenditure can be managed within the approved financial envelope. It is only possible to adopt this approach where the projects concerned support similar outcomes.

A specific grouped head of expenditure, introduced in the Government Plan 2023-2026, is for Feasibility. Consistent with the project gateway approach, feasibility work is essential to ensure that funding allocated to projects in a Government Plan reflects the Government's best estimate of likely resource requirements based on detailed policy and feasibility planning. An allocation for feasibility is included in the plan to provide funding to allow departments to undertake an assessment of proposals and develop robust and comprehensive Outline Business Cases prior to seeking full funding for projects.

The Accountable Officer for the Feasibility grouped head of expenditure is the Treasurer of the States until a department has received approval from the Treasurer to begin incurring expenditure. At that point the Treasurer, under delegation from the PAO, will notify the new Accountable Officer for the approved amount of their responsibilities. The funding will remain within the Feasibility grouped head of expenditure – only the Accountable Officer responsibility will change.

Previously, funding for feasibility was held in a Reserve Head of Expenditure known as the 'Central Planning Reserve'. To simplify internal processes from 2023 this was replaced by a grouped head of expenditure within the Capital Programme. Expenditure on individual projects must not take place until a Strategic Outline Business case has been approved by the relevant Accountable Officer and the Treasurer of the States.

The Feasibility grouped head of expenditure includes indicative projects but allows for flexibility within the approved amount. This allows funding to be reallocated where projects progress faster or slower than forecast. To improve flexibility and prevent delay, new emerging projects can receive feasibility funding in year – this would be subject to approval by the Treasurer of the States.

The Feasibility grouped head of expenditure is intended to provide funding for exploratory work that is necessary to develop a project Outline Business Case. This may include feasibility studies, design work, costing exercises and other work agreed by Treasury and Exchequer.

The Public Finances Law includes specific controls over major projects. Using a grouped head of expenditure to fund a project cannot be used to circumvent these controls.

Appendix C - Feasibility

Users of the Public Finances Manual should refer to other sections that are relevant. Specifically these include:

- Expenditure and procurement
- Major, strategic and other projects
- Role of the Senior Responsible Officer
- Grouped heads of expenditure
- Changes to head of expenditure
- Government plan and budgeting

In addition to the common risks identified in the Background and Introduction section of the manual, risks relating to this section include:

- expenditure from the Feasibility grouped head of expenditure may be undertaken on different projects from those included as indicative in a government plan without proper approval
- expenditure on indicative projects within the Feasibility grouped head of expenditure may exceed the estimated amounts, resulting in increased total cost
- expenditure on indicative projects within the Feasibility grouped head of expenditure may begin without the appropriate approvals having been sought and obtained

Principles

1. The Group Director, Strategic Finance, Treasury and Exchequer should be informed, by the relevant Accountable Officer or their delegate, of all instances where expenditure from the Feasibility grouped head of expenditure is likely to differ significantly from the indicative projects and amounts included in a Government Plan.
2. Relevant Ministers should be made aware where expenditure from the Feasibility grouped head of expenditure is likely to differ significantly from the indicative projects and amounts included in a Government Plan.
3. Accountable Officers should ensure that stakeholders understand the position regarding the progress of projects within the Feasibility grouped head of expenditure.
4. Funding projects from within the Feasibility grouped head of expenditure should not be used to circumvent controls within the Public Finances Law over major projects.

Requirements

1. **Approval to commence feasibility expenditure**

   Expenditure from the Feasibility grouped head of expenditure must not begin to take place until:

   - a Strategic Outline Business case (or equivalent agreed by the Treasurer) has been approved by the relevant Accountable Officer and submitted to the Treasury Investment Appraisal team; and
   - the Treasurer (or delegate) has advised the relevant Accountable Officer that the business case has been approved and that expenditure can commence.

   At that point the Treasurer, under delegation from the PAO, will notify the new Accountable Officer for the approved amount of their responsibilities.

Appendix C - Feasibility

Any expenditure incurred without approval must be met from within an approved revenue or capital head of expenditure which is the responsibility of the Accountable Officer incurring the expenditure. This may require a decision of the Minister for Treasury and Resources to transfer funding in accordance with the requirements of the Public Finances Law and this Manual.

2. **Expenditure control**

Once a project has been approved to incur feasibility expenditure, the Accountable Officer for the department incurring the expenditure must provide the Treasurer with monthly reports detailing, for each approved project:

a. actual feasibility expenditure to date in the year
b. actual feasibility expenditure to date in total
c. forecast feasibility expenditure for the year
d. forecast feasibility expenditure in total

3. **Projects not beginning**

Where it becomes apparent that a project included as indicative within a Feasibility grouped head of expenditure in an approved Government Plan will not commence in the expected year, the Accountable Officer for the department which would have incurred the expenditure must inform the Accountable Officer for the Feasibility grouped head of expenditure (i.e. the Treasurer of the States) and the relevant Minister(s) within one month. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

4. **Projects exceeding indicative amounts – prior to allocation**

Prior to approval for spending to commence, where the indicative cost of a project within the Feasibility grouped head of expenditure in an approved Government Plan is likely to exceed the indicative amount included in the Government Plan either:

- within a financial year; or
- across all financial years,

the Accountable Officer for the department which would incur the expenditure must inform the Treasurer of the States, the Group Director, Strategic Finance, Treasury and Exchequer and the relevant Minister(s) within one month. The Accountable Officer must not begin incurring expenditure until informed by the Treasurer that they can proceed.

The Treasurer must then inform Accountable Officers for the departments which would incur expenditure and the relevant Minister(s) which other projects (if any) may incur reduced expenditure, be delayed or be cancelled as a result to ensure the amount approved for the Feasibility grouped head of expenditure in the Government Plan is not exceeded.

5. **Projects exceeding allocated amounts**

Once an allocation has been made by the Treasurer of the States from the Feasibility grouped head of expenditure to an Accountable Officer, that total cannot be exceeded. If it appears that allocated funding may be insufficient the Accountable Officer concerned must immediately seek a further allocation of funding from the Treasurer of the States (or a transfer of funding from another head of expenditure by the Minister for Treasury and Resources).

6. **Addition of new projects**

Where it is proposed to commence a new project to be funded from within the Feasibility grouped head of expenditure in an approved Government Plan, the Accountable Officer for the department proposing to incur the expenditure must seek the approval of the Accountable Officer for the Feasibility grouped head of expenditure (i.e. the Treasurer of the States) and relevant Minister(s). A business case must be submitted and approved.

The Accountable Officers and relevant Minister(s) for the departments which would incur expenditure must be informed by the Treasurer which other projects (if any) may incur reduced expenditure, be delayed or be cancelled as a result.

7. **Abandonment of projects – not started**

Where it becomes apparent that a project that has been approved to commence spending included within the Feasibility grouped head of expenditure in an approved Government Plan is to be abandoned (i.e. never commenced), approval must be obtained in advance from the Accountable Officer for the department which would have incurred the expenditure, the Treasurer of the States and relevant Minister(s). The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

8. **Abandonment of projects – in progress**

Where it becomes apparent that a project that has been approved to commence spending within the Feasibility grouped head of expenditure in an approved Government Plan is to be abandoned after it has commenced, approval to abandon must be obtained in advance from the Accountable Officer for the department incurring the expenditure, the Treasurer of the States and relevant Minister(s). The Accountable Officer, the Treasurer and Minister(s) must be informed which other projects (if any) could incur additional expenditure as a result. The Accountable Officer for the department incurring the expenditure must then ensure expenditure concerned is accounted for in accordance with the Jersey Financial Reporting Manual, and that any other approvals for abandonment are sought in accordance with the Major, Strategic and Other Projects section of this Manual. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

9. **Consultation**

The Accountable Officer for the department incurring the expenditure must ensure that consultation takes place with any affected Accountable Officer or Minister in advance of a decision being taken to accelerate, decelerate, add or abandon a project within the Feasibility grouped head of expenditure, and it is reasonably foreseeable that the other Accountable Officer or Minister may have views which should be taken into account.

10. **Major projects**

Funding projects from within the Feasibility grouped head of expenditure must not be used to circumvent controls within the Public Finances Law over major projects. If at any time the total expenditure on a project from within a rolling vote, grouped head of expenditure or the Feasibility grouped head of expenditure is forecast to meet or exceed the Public Finances Law definition for a major project, then the Group Director, Strategic Finance must be informed. That officer must take steps to ensure the project is then classified accordingly in a Government Plan and the Annual Report and Accounts.

Appendix D - Gifts and hospitality offered

Offering gifts and hospitality

Introduction and background

The Government and States of Jersey place great importance on the need to ensure that bribery and corruption has no part to play in the way that the Island is governed. The Corruption (Jersey) Law 2006 makes it a criminal offence for a public official to do or not do any act in relation to the official's position, office or employment, for the purpose of corruptly obtaining any advantage, whether for his or her own benefit or for the benefit of any other person.

This is evidenced in the States and Government of Jersey Anti-Fraud and Corruption Policy; the States of Jersey Anti-Fraud and Corruption Strategy; and the Anti-Money Laundering (AML) Policy.

To support this Law, the policies and the strategy, this section provides guidance and requirements on how States Bodies should manage offering gifts and hospitality. It applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019. It applies to gifts and hospitality offered by any States of Jersey employees, Crown appointments and Non-Ministerial officers ("States employees").

Occasionally gifts, hospitality or entertainment are a normal part of the courtesies of public life.

Offering gifts and hospitality is permitted but it must be only for the right reason and clearly as an act of appreciation or for a business purpose (for example: to show respect, establish or build relationships or represent the organisation). It must not create any obligation or expectation on the recipient.

Offering gifts, hospitality and entertainment is vulnerable to being seen as inducement, and/or as an improper and wasteful use of public money. It is important that this expenditure is transparent, proportionate and reasonable, and will withstand scrutiny (e.g. Internal Audit, States Questions and Freedom of Information questions).

The "reasonable bystander" test should be applied i.e. whether a reasonable bystander witnessing the transaction could reasonably assume that a gift was given to influence the person in the course of their functions, or to buy goodwill in the hope of future influence.

Users of this section should also refer to other sections of the Manual that are relevant specifically this includes:

- Risk management
- Accountable Officers in Government Departments
- Accountable Officers in Specified Organisations
- Accountable Officers in Non Ministerial States Bodies
- Acceptance of gifts and hospitality
- Special payments

In addition to the common risks identified in the Background and Introduction section of the manual a number of significant risks relating to this section include:

- the value or nature of a gift or hospitality is inappropriate or excessive to the occasion or the reason for giving it
- the gift or hospitality is given in explicit or implicit expectation of favour in return
- the gift or hospitality is given in substitution for legitimate payment or remuneration
- the gift or hospitality expense is not approved

Appendix D - Gifts and hospitality offered

- the Government's or States of Jersey's reputation may be compromised as a result of poor practice and weak governance arrangements
- using a purchase card to pay for gifts or hospitality can result in inappropriate business-related expenditure, poorly documented or justified expenditure or paying for personal items or benefits

Principles

1. The decision to offer gifts or hospitality should be based on objective criteria, rather than on any sort of bias, preference, or improper reason.
2. Managers should set the standard for what is and is not acceptable to offer as a gift or hospitality. They should promote open and effective communication, professionalism, and transparency at all times.
3. Employees should follow specific policies and procedures, such as the Business Travel Policy and Purchase card procedures (within Supporting documents) which give guidance for decision-making and streamline internal processes.

Requirements

1. Approval – over £40

Gift or hospitality expenditure with an individual or cumulative value of £40 or more, must be approved in advance in line with the relevant Accountable Officer's scheme of delegation. The person approving the expenditure must be satisfied that it is for a justifiable business purpose and that is consistent with the SoJ objectives. This must be recorded in the online gifts and hospitality register.

It is not acceptable for gift or hospitality transactions to be structured in such a way as to attempt to avoid the financial limit.

2. Approval – any value

The following items of gifts or hospitality are contentious and represent heightened risk. As such approval must always be sought from the Accountable Officer (or their delegate if documented in the Scheme of Delegation) (through the online gifts and hospitality register) regardless of value:

- cash (or any payment that is effectively equivalent to giving cash, for example paying for something on behalf of someone, including a member of staff)
- gift cards
- donations to charity
- event tickets
- sightseeing excursions
- alcohol
- overnight stays
- where the recipient is a family member of the giver

When considering whether to approve a gift under this requirement, the Accountable Officer must take the following matters into account:

- whether the Accountable Officer, department, States or Government could be criticised for funding one particular charity, member of staff or group of staff;
- whether the proposed payment could be subject to accusation of favouritism or conflict of interest;
- whether the proposed payment advances and contributes to the objectives of the department, States or Government;
- whether the proposed payment sets a precedent that could result in further costs across the department, or other departments;
- whether the proposed payment represents a benefit in kind which must be reported to Revenue Jersey and may be taxable on a member of staff; and
- whether the proposed payments infringe the Codes of Practice on:
    - Standards in Public Service; and
    - Performance and accountability.

3. Expenditure

Gift and hospitality expenditure decisions must:

I. be made transparently
II. be made with proper authority
III. have a justifiable business purpose
IV. preserve impartiality
V. be made with integrity
VI. be moderate and conservative

These principles must be applied together. None should be applied alone, and no principle should be treated as more important than any other.

4. Supporting documents.

Supporting documents (invoices and receipts) must be retained (and available upon request) for all expenses incurred and must include the date, amount, description, and purpose.

5. Donations

A donation is a gift in a form of payment (money, goods or services) made voluntarily and without expecting reciprocation.

Donations must not create any obligation on individuals or organisations, other than to apply the donation to the purposes of the recipient. They must be lawful in all respects, non-political, disclosed and appropriately documented.

6. Entertainment and hospitality expenditure

Offering entertainment and hospitality must only be incurred if it is deemed to be in the public interest and it is:

- cost-effective and appropriate for the occasion
- supported by appropriate documentation that includes receipts, names of parties entertained, and the reasons for the entertainment and hospitality

Appendix D - Gifts and hospitality offered

Alcohol is not permitted when claiming subsistence unless approval has been received from the budget holder or accountable officer (or delegate). Approval should be sought at pre-authorisation stage wherever possible.

7. Loyalty reward scheme benefits

Gift and hospitality expenditure must not result in receiving any personal benefits or loyalty scheme rewards.

Appendix E - Grouped Heads of Expenditure

Grouped heads of expenditure

Introduction and background

This section applies to all States Bodies as defined in the Public Finances Law and to all expenditure made by Accountable Officers of States Bodies, or on their behalf. The principles should be applied to all public expenditure by any person authorised by an Accountable Officer to undertake that expenditure.

A head of expenditure is defined in the Public Finances (Jersey) Law 2019 as a particular purpose or subject (including a major project), set out in a Government Plan, in respect of which an amount appropriated under the plan may be spent in a financial year.

Grouped heads of expenditure were introduced in the Government Plan 2022-2025. Grouped heads improve flexibility, allowing Accountable Officers to manage individual projects within a wider programme so that any individual delays or changes to project expenditure can be managed within the approved financial envelope. It is only possible to adopt this approach where the projects concerned support similar outcomes.

In future years where the exact timing and amount of funding required is uncertain, a single amount is included, with an indication of which projects may be funded from it. More detailed allocations would be made in future Government Plans. This approach gives clear visibility of future projects, without the inclusion of figures where the amount or timing of spend remains uncertain.

Major projects will not be included in a grouped head of expenditure once the total expenditure for the project has been agreed in a Government Plan. However, some projects planned for future years in a grouped head of expenditure may ultimately become major projects, if they meet the Public Finances Law definition. For example, a replacement school would almost certainly become a major project, but would remain in the New School and Educational Developments grouped head of expenditure until timing and costs are confirmed in an Outline Business Case. Using a grouped head of expenditure to fund a project cannot be used to circumvent the Public Finances Law controls.

Grouped heads of expenditure included in the Government Plan 2023-2026 were:

- Feasibility
- New School and Educational Developments
- Upgrades to CYPES Estates
- Other Estates Projects
- Prison Improvement Works
- Other Infrastructure
- Other Government Wide IT Projects

Expenditure on the Feasibility grouped head of expenditure is included in a separate section within this Manual.

Users of the Public Finances Manual should refer to other sections that are relevant. Specifically these include:

- Expenditure and procurement
- Major, strategic and other projects

Appendix E - Grouped Heads of Expenditure

- Role of the Senior Responsible Officer
- Feasibility
- Changes to head of expenditure
- Losses and write offs
- Government plan and budgeting

In addition to the common risks identified in the Background and Introduction section of the manual, risks relating to this section include:

- expenditure from a grouped head of expenditure may be undertaken on different projects from those included as indicative in a government plan without States Members being aware
- expenditure on indicative projects within a grouped head of expenditure may exceed the estimated amounts, resulting in increased total cost

Principles

1. Accountable Officers should approve all instances where expenditure from a grouped head of expenditure is likely to differ significantly from the indicative projects and amounts included in a Government Plan.
2. Relevant Ministers should be made aware where expenditure from a grouped head of expenditure is likely to differ significantly from the indicative projects and amounts included in a Government Plan.
3. Accountable Officers should ensure that stakeholders understand the position regarding the progress of projects within a grouped head of expenditure.
4. Funding projects from within a grouped head of expenditure should not be used to circumvent controls within the Public Finances Law over major projects.
5. The total expenditure in a financial year for a grouped head of expenditure should not exceed the amount approved in the relevant Government Plan.

Requirements

1. **Projects not beginning**

   Where it becomes apparent that a project included as indicative within a grouped head of expenditure in an approved Government Plan will not commence in the expected year, the relevant Accountable Officer and Minister(s) must be informed within one month. The Accountable Officer and Minister(s) must be informed which other projects (if any) may incur additional expenditure as a result. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

2. **Projects exceeding indicative amounts**

   Where the indicative cost of a project within a grouped head of expenditure in an approved Government Plan is likely to exceed the indicative amount by 25% (or £250,000 whichever is the lower) or more either:

   - within a financial year; or
   - across all financial years,

approval of the relevant Accountable Officer and Minister(s) must be sought. The Accountable Officer and Minister(s) must be informed which other projects (if any) will incur reduced expenditure, be delayed or be cancelled as a result to ensure the amount approved for the grouped head of expenditure in the Government Plan is not exceeded. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

3. **Addition of new projects**

Where it is proposed to commence a new project to be funded from within a grouped head of expenditure in an approved Government Plan, approval must be obtained in advance from the relevant Accountable Officer and Minister(s), and the Treasurer of the States. The new projects must support similar outcomes to the existing indicative projects within the grouped head of expenditure. The Accountable Officer, Minister(s) and Treasurer must be informed which other projects (if any) will incur reduced expenditure, be delayed or be cancelled as a result to ensure the amount approved for the grouped head of expenditure in the Government Plan is not exceeded. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

4. **Abandonment of projects – not started**

Where it becomes apparent that a project included as indicative within a grouped head of expenditure in an approved Government Plan is to be abandoned (i.e. not commenced), approval must be obtained in advance from the Accountable Officer and Minister(s). The Accountable Officer and Minister(s) must be informed which other projects (if any) will incur additional expenditure as a result. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

5. **Abandonment of projects – in progress**

Where it becomes apparent that a project included as indicative within a grouped head of expenditure in an approved Government Plan is to be abandoned after it has commenced, approval must be obtained in advance from the Accountable Officer and Minister(s). The Accountable Officer and Minister(s) must be informed which other projects (if any) will incur additional expenditure as a result. The Accountable Officer must then ensure expenditure concerned is accounted for in accordance with the Jersey Financial Reporting Manual, and that any other approvals for abandonment are sought in accordance with the Major, Strategic and Other Projects section of this Manual. The Group Director, Strategic Finance, Treasury and Exchequer must also be informed.

6. **Consultation**

The Accountable Officer for a grouped head of expenditure must ensure that consultation takes place with any affected Accountable Officer or Minister in advance of a decision being taken to accelerate, decelerate, add or abandon a project, and it is reasonably foreseeable that the other Accountable Officer or Minister may have views which should be taken into account.

7. **Major projects**

Appendix E - Grouped Heads of Expenditure

Funding projects from within a grouped head of expenditure must not be used to circumvent controls within the Public Finances Law over major projects. If at any time the total expenditure on a project from within a rolling vote, grouped head of expenditure or feasibility is forecast to meet or exceed the Public Finances Law definition for a major project, then the Group Director, Strategic Finance must be informed. That officer must take steps to ensure the project is then classified accordingly in a Government Plan and the Annual Report and Accounts.

Appendix F - Insurance

Insurance

Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and provides advice and guidance on effective insurance management.

The States and Government of Jersey face numerous risks. One way to mitigate these risks is through insurance. The States and Government of Jersey assess these risks and insurance needs on a continuous basis with the Treasury and Exchequer's Treasury and Investment Management team responsible for the oversight and management of the Organisation's insurance needs.

The States' approach to insurance is a blend of internal ("self-insurance") and external insurance arrangements.

Self-Insurance Arrangements

For self-insurance purposes the States operates an Insurance Fund. The Public Finances (Jersey) Law 2019 (the "Law"), Article 60: Insurance Fund continued sets out the arrangements concerning the Insurance Fund (the "Fund"). As required by the Law, the Minister for Treasury and Resources has presented R.111/2019 to the States Assembly. This Report sets out the purpose, terms and circumstances of the Fund.

The Insurance Fund facilitates the provision of mutual insurance arrangements for:

- States Bodies
- Any fund or money for which an Accountable Officer is appointed; and
- Any other bodies and persons that the Minister for Treasury and Exchequer may agree.

The Minister may also permit persons or bodies that appear to them to be connected with the States to participate in the mutual insurance arrangements on specified terms and conditions.

The Minister may:

a) prohibit an Accountable Officer for a States Body or for a specified organisation as defined in Schedule 2 of the Law from arranging any insurance otherwise than through the mutual insurance arrangements; and
b) specify the descriptions of liabilities and persons insured by, the terms of, and the administrative processes connected with, the mutual insurance arrangements.

The Insurance Fund is funded from the Consolidated Fund with amounts as decided in the Government Plan; amounts recharged to bodies or persons that participate in the mutual insurance arrangements; and amounts received from settlements in insurable claims.

Money can only be withdrawn from the Fund:

a) for the purposes of the mutual insurance arrangements and in payment for insurable claims without any admission of liability;
b) if the Minister for Treasury and Resources believes that the amount in the Insurance Fund exceeds the amount required for the mutual insurance arrangements, the Minister for Treasury and Resources may approve the transfer of all or part of the excess to the Consolidated Fund (any such transfers must be reported in the six-monthly update report presented to the States Assembly on financial matters).

c) as approved by the States in a Government Plan.

Amounts paid into the Insurance Fund do not form part of the annual income of the States. Should the States and/or the Government of Jersey no longer provide mutual insurance arrangements the Fund would be wound up with any remaining monies paid into the Consolidated Fund.

In order to assist with the administration of the Fund the Minister is able to delegate functions, subject to any conditions or limitations as he or she may specify.

External Insurance arrangements

For external insurance the States contracts with insurance brokers and insurers to obtain insurance cover from the commercial insurance markets. Contact details for the current brokers and insurers can be found on the Insurance page on MyStates. The products purchased are designed to manage the risks and lower the costs unique to public entities that are associated with claims. Cover falls into two main areas: General insurance and specialist Medical Malpractice cover. These are described below:

General Insurance

The current States insurance programme renews annually on 1st October every year and consists of three main elements:

- **Property and business interruption Insurance**, covering all buildings, contents, plant and machinery. Cover is also arranged for property related business interruption insurance, covering the increased cost of working in the event of damage to existing locations or denial of access. All property is currently insured on a reinstatement as new basis (provided regular and appropriate reinstatement valuations are undertaken). The exception to this is the Energy from Waste plant which has standalone insurance.
- **Liability insurance**, covering the States' legal liability to pay compensation as a result of personal injury to employees and third parties (including abuse) arising from States' activities and the supply of products, loss or damage to third party property and the errors and omissions of States and Government officers.
- **Motor insurance**, covering damage to the motor fleet and liability to pay compensation for personal injury or property damage caused by drivers of States' vehicles.

There are other insurances arranged for specific and specialist operations, including personal accident and travel insurance, school travel insurance, fidelity guarantee (employee dishonesty) and marine vessels and marine liabilities.

Medical Malpractice insurance - The States Medical Malpractice (MedMal) insurance is arranged separately from the general insurance programme and renews annually. The policy is arranged to protect the States from claims arising from the medical malpractice and clinical negligence of its employees. Additionally, the policy usually covers locums, bank and agency staff as they are effectively deemed to be "employees". The policy may also cover contractors, depending on the scope of the contract. Cover is arranged at two levels, a primary layer and a secondary layer. Details of current brokers and insurers are shown on the Insurance page of the MyStates intranet site.

Excesses and Deductibles

Appendix F - Insurance

Each insurance policy has a deductible (or excess) which is the amount paid out of pocket by the policy holder before an insurance provider will pay any expenses. The above insurances are all currently arranged with varying levels of deductibles based on a rates optimisation study undertaken by the States' brokers. These deductibles are initially funded by departments or States bodies and then from the States' self-insurance arrangements – the Insurance Fund. Such self-funded deductibles allow, in theory, for the most competitive premiums to be obtained from insurers as they know that high frequency, low severity claims will not fall to them to be dealt with. Insurance above the deductible level is therefore designed to protect the States against catastrophic losses. All non-medmal claims have a minimum excess of £500 per claim which is paid directly by departments suffering the loss. This encourages departments to manage their own operational risks.

Insurance Provisions

Insurance claims usually pay according to the insurance cover in place when the incident causing the claim takes place (instead of when the claim is reported or paid). For some classes of insurance it can take several months or even years to report, investigate, pay and close claims. For large and complex claims courts may need to decide liability (or who is responsible) and this adds to the time. Each claim will have a reserve ('outstanding' amount) set as an estimate of future payments. Insurers and claims handlers adjust the outstanding amounts as the claim progresses. The total value of a claim (the 'Incurred' amount) is the amount paid to date plus the 'outstanding' amount still to be paid.

In addition, it is expected that further claims will arise from incidents that occurred (or were "incurred") in the past, but which have not yet been reported (known as "Incurred But Not Reported" (IBNR) claims). This is particularly the case for longer-tailed liability classes where, for example, the delay may be because the claimant had not realised their injury was sufficient to warrant a claim.

Like most public sector bodies with sizeable deductibles, the States holds provisions in the Insurance Fund to meet claims from incidents in the current and past years.

Approval for payment from monies held within the Insurance Fund will need to be given by officers in accordance with delegations approved by the Minister for Treasury and Resources. Where claims involve legal negotiation the amount of any payment must be in line with legal advice provided by the Law Officers' Department. It is recognised that this legal advice is confidential and is not to be circulated without the prior approval of H.M. Attorney General or their representative.

Valuation of the Insurance Fund

The Fund is valued on a regular basis, using actuarial techniques. Valuations take account of historical claims data, projected outcomes and IBNR (Incurred but not reported) claims.

Assurance

The Risk and Audit Committee (R&AC) was established in 2019 and during 2020 took on responsibility for reviewing insurance matters. Its terms of reference include reviewing the annual insurance report; reviewing the arrangements for ensuring key risks are adequately insured and monitoring the Insurance Strategy and Improvement Plan.

Appendix F - Insurance

Users of the Public Finances Manual should refer to other sections that are relevant. Specifically, this includes:

- Assets
- Third party assets
- Cash
- Arm's length organisations
- Major, strategic and other projects
- Losses and write offs

Risks

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks relating to this section include:

- Failure to purchase sufficient insurance cover can lead to significant one-off revenue payments if catastrophic or major risks occur;
- Failure to undertake a regular review of significant insurable and uninsurable risks may lead to adverse financial impact or the inability to procure suitable insurance cover;
- If the States' claims history and portfolio are not understood then the States will be unable to learn from and develop better risk management processes;
- If the States don't undertake horizon scanning for significant risks, then opportunities to transfer risks or plan properly may be missed; and
- The most efficient options for providing insurance cover for the States and related bodies may not be chosen.

Principles

1. Insurance arrangements should represent the most cost-effective approach for the States to treat risks that cannot be managed in other ways.

2. Accountable Officers should continually review risks for their areas of responsibility and notify the Director, Treasury and Investment Management in the event of any changes and potential impact on insurance cover.

3. The Director, Treasury and Investment Management should continually review the States' insurance arrangements and recommend any changes needed to the Minister for Treasury and Resources and Treasurer of the States.

Requirements

1. Compliance with legislation

The Director, Treasury and Investment Management must ensure that all provisions relating to insurance within the Public Finances (Jersey) Law 2019 and R.111/2019 are complied with.

2. Risk Management

Appendix F - Insurance

Accountable Officers and those responsible in related bodies must:

- ensure the documentation and regular review of the risk management for their areas of responsibility and related bodies in line with the Government's Risk Strategy
- identify and evaluate risks and how these translate in terms of insurance of assets
- regularly review and document their risks and associated controls and ensure actions are carried out in a timely manner
- ensure that all risks for their area of responsibility are captured on a risk management system agreed with the Risk Team
- ensure that officers escalate significant risks identified to the appropriate level of management considering the implications in terms of insurance.

3. Returns for annual insurance renewals

Accountable Officers and those responsible in related bodies must ensure the timely submission of returns for annual insurance renewals, highlighting any material changes.

4. Near misses and other dangerous occurrences

Accountable Officers and those responsible in related bodies must record and review near misses, infectious diseases and dangerous occurrences as part of the risk management process and notify the Risk Team and insurers of any such events.

5. Supplier insurance

Accountable Officers and those responsible in related bodies must ensure that any suppliers and sub-contractors they engage with have appropriate insurance as part of their contractual arrangements, health and safety policies and procedures, risk assessments, data protection policies, safeguarding policies, background checks and any other applicable measures as part of the due diligence process. The references to insurance in the template terms and conditions are not sufficient to fully satisfy this requirement.

6. Training and awareness

Accountable Officers and those responsible in related bodies must ensure that relevant staff in their area of responsibility attend any training and awareness sessions provided on risk management and insurance.

7. Notifying Treasury and Exchequer

Accountable Officers and those responsible in related bodies must ensure that any matters which may have a bearing on States of Jersey insurance arrangements are brought to the attention of the Risk team and Director, Treasury and Investment Management, as soon as is reasonably practicable but at least within two working days of the issue being identified.

8. Asset management

Accountable Officers and those responsible in related bodies must ensure asset management processes capture all insurable assets.

9. Payments from the Insurance Fund

Appendix F - Insurance

All payments from the Insurance Fund must be authorised in accordance with the Fund's Accountable Officer's Scheme of Delegation before they are made, or committed to as part of settlement of a claim against the States or Government.

Appendix G - Role of the Minister for Treasury and Resources

Role of the Minister for Treasury and Resources

Introduction and background

This section sets out the role of the Minister for Treasury and Resources (the Minister) under the terms of the Public Finances (Jersey) Law 2019 (the Law) and it is important that all Accountable Officers and users of the Manual are aware of the functions and responsibilities of the Minister.

The statutory functions of the Minister for Treasury and Resources are set in Article 30 of the Law and require that the Minister <u>must</u> ensure that the public finances (including assets) of Jersey are regulated, controlled and supervised in line with the requirements of the Law, and that the requirements set in the Law are complied with.

In order to assist in meeting the above function the Law requires that the Minister issues, and presents to the States' Public Accounts Committee, and makes publicly available a Public Finances Manual including any update(s). The purpose of the Public Finances Manual is to provide direction and information on the proper administration of the Law.

The Law also defines more specific functions that the Minister must perform. These include presenting written statements, and any amendment, to the States Assembly on:

- Reserve funding – and the procedures which must be followed before money held in a "Reserve" head of expenditure may be spent. This statement must include details of the expected purposes or subjects on which money held in Reserves can be spent.
- Obtaining financing (borrowing) – setting the policy of the Council of Ministers on obtaining financing, including reference to the types and amounts of any financing that might be included in a Government Plan. This must include details of the process through which any risks related to any financing proposals in a Government Plan would be assessed.
- Investment strategy – having consulted with a person suitably qualified to provide investment advice the Minister must present to the States his/her strategy in respect of the investment of any money held by the States.

Once the States Assembly has approved the Government Plan, and specifically the heads of expenditure and any financing and transfers between States Funds for the following financial year, the Minister is responsible for ensuring that overall States' spend is regulated, controlled and supervised. The Law gives the Minister the power to approve transfers of funding from the Reserve head(s) of expenditure, as well as to approve transfers between heads of expenditure (subject to prior presentation to the States Assembly for a four week period with no objection to the transfer in that period).

The Minister also has specific powers which enable him/her to withdraw up to £100 million from the Consolidated Fund if a state of emergency has been declared under the Emergency Powers and Planning (Jersey) Law 1990; or the Minister is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment. The Minister must present a notice to the States of any such withdrawal as soon as is practicable after it occurs.

The Minister has a statutory role as States shareholder for the States Owned Entities and is responsible for delivering value for money for the public and the wider public advantage from an investment holding viewpoint. The Minister is not responsible for the wider strategic direction and policy setting in the markets and areas in which these entities operate. This responsibility rests with whichever Minister has political responsibility for those areas.

The Minister is able to delegate responsibility for certain functions to one or more Assistant Ministers and to the Treasurer of the States and other senior officers within Treasury and Exchequer to deliver the Minister's decisions and to support the Minister in making policy decisions and handling public funds. The Code of Conduct and Practice for Ministers and Assistant Ministers (R.116/2018) requires Ministers to heed the advice of their Accountable Officer(s) (the States Treasurer is Accountable Officer for Treasury and Exchequer) about the proper conduct of public business.

The Minister is responsible for the legislation which covers the collection of taxes, and duties (with the Minister for Home Affairs). Taxes and duties may only be imposed via legislation taken forward by the Minister for Treasury and Resources and approved by the States Assembly (the procedural side of the implication of this legislation is set in the Public Finances (Jersey) Law 2019 and the more detailed aspects of taxation and duties are covered in the Income Tax (Jersey) Law 1961 and the Customs and Excise (Jersey) Law 1999).

The Minister for Treasury and Resources also has other statutory obligations in other States legislation.

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks addressed by this section include:

- the Minister is not fully aware of the legal responsibilities and accountabilities required of them under the Public Finances (Jersey) Law 2019 and other legislation
- the wider requirements of financial stewardship are not taken in accounts when States policy and priorities are discussed and agreed.

Principles

1. The Minister should be a key member of the Council of Ministers.
2. The Minister should be actively involved in, and be able to bring influence to bear on all strategic decisions which have financial implications whenever and wherever they are taken by the Council of Ministers. The States Employment Board section of this Manual requires that the Minister must be consulted before any proposals are put to the States Employment Board which would result, or would be likely to result, in the amounts allocated, and approved, in a Government Plan to be exceeded.

Appendix G - Role of the Minister for Treasury and Resources

Requirements

1. **Roles and responsibilities of the Minister for Treasury and Resources**

The Treasurer of the States must ensure that the Minister is aware of their role and responsibilities established under the Public Finances (Jersey) Law 2019 and other legislation.

2. **Annual Accounts and Governance Statements**

In recognition of the importance of financial reporting and governance at the end of each financial year, the Minister for Treasury and Resources must sign the States of Jersey's annual financial report and accounts.

3. **Delegation**

The Treasurer must ensure that all delegations made by the Minister for Treasury and Resources are documented and reported appropriately.

Appendix H - Role of the Treasurer of the States

Role of the Treasurer of the States

Introduction and background

This section applies to the role of Treasurer of the States but it is important that all Accountable Officers and users of the Manual are aware of the role and responsibilities of the role as established under the Public Finances (Jersey) Law 2019 (the Law) and the postholder's wider responsibilities.

The statutory role of the Treasurer of the States (Treasurer) is established in Article 32 of the Law.

The Treasurer's role is two-fold, the postholder:

- is the Chief Officer of the Treasury and Exchequer department (and appointed as Accountable Officer for the Department by the Principal Accountable Officer); and
- has overall responsibility to the Minister for Treasury and Resources for:
    - supervising the administration of the Law;
    - the stewardship and administration of the public finances of the States of Jersey; and
    - establishing a system of internal auditing in support of that stewardship and administration and advising the Comptroller and Auditor General, as well as the Principal Accountable Officer, where appropriate, of the results of internal audits carried out.

Importantly the Treasurer of the States cannot be directed as to how they carry out the functions related to their statutory responsibilities. The Treasurer of the States can report directly to the States Assembly on any matter where they are satisfied that an individual (including the Principal Accountable Officer) has dealt with any money of the States not in line with relevant legislation, any States agreement or within the terms of the Public Finances Manual. The Treasurer of the States must give notice to the Comptroller and Auditor General that they intend to provide such a report to the States Assembly. The Treasurer of the States may also provide a written report to the Council of Ministers on the actions of any individual where they are concerned that the individual's actions have been detrimental to the administration of public finances.

The Treasurer of the States provides financial guidance and advice to the Minister for Treasury and Resources and also, when requested to the Council of Ministers, enabling them to discharge their responsibilities in relation to the States of Jersey's financial viability and sustainability. The independent nature of the Treasurer of the States' position enables them, if requested, to provide financial advice and guidance to other States Members. The Treasurer of the States is not responsible for making policy (this responsibility lies with the States of Jersey, Council of Ministers and Ministers) but is accountable for the implementation of policy with due regard for the need to achieve value for money, good governance and stewardship whilst also considering the short/medium and longer- term financial stability of the Island's finances.

Appendix H - Role of the Treasurer of the States

The Treasurer of the States is responsible for promoting short-/medium- and long-term financial strategy and for implementing financial management policies to underpin the financial stability of the States of Jersey. The Treasurer of the States also has a responsibility for ensuring that there is an accounting and financial system which provides information to enable States spending to be monitored and controlled.

The Treasurer of the States has a statutory responsibility to ensure that any money of the States is invested in line with the Minister for Treasury and Resources' published investment strategy.

The Treasurer of the States, as an Accountable Officer, is answerable to the Public Accounts Committee for the performance of his Accountable Officer functions.

The Treasurer of the States should be a professionally qualified Accountant (through examination) with one of the internationally recognised accountancy bodies and be suitably experienced to hold the role. The Treasurer of the States is appointed by the Minister for Treasury and Resources, who must have consulted with the Chief Minister and sought the views of the Jersey Appointments Commission before recommending any appointment. Before confirming an appointment to the role of Treasurer of the States the Minister must give the States at least 2 weeks' notice of their intention to make the appointment.

The appointment of a person as Treasurer of the States can only be revoked by the States Assembly via a proposition from the Minister for Treasury and Resources in defined circumstances. The Treasurer of the States has a right to respond to any allegations, made against them.

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks addressed by this section include:

- the Treasurer of the States is not fully aware of their legal responsibilities and accountabilities
- the Treasurer of the States is unaware of the proper course of action to take if they are directed by the Council of Ministers, Chief Minister, Minister for Treasury and Resources or Principal Accountable Officer to take action which they feel conflicts with their responsibilities and accountabilities

This section of the Manual is not intended to be exhaustive and nor is it intended to negate or undermine the personal responsibility of the Treasurer of the States to ensure that they comply with all professional standards and legislative requirements. It is intended to codify the key responsibilities of the Treasurer of the States within the States and Government of Jersey and assist them in carrying out that role.

Principles

1. Stewardship lies far beyond what is included in the Law. The Treasurer of the States should lead on the promotion and delivery of corporate governance, risk management, stewardship and financial planning and reporting so that public money is safeguarded at all times and is used for the purposes intended and meets the policy objectives set by the States Assembly.

Appendix H - Role of the Treasurer of the States

2. The Treasurer of the States should comply with their professional governing body's Code of Ethics.
3. The Treasurer of the States is a key member of the Government's leadership team involved in developing and implementing strategy and delivering and resourcing the States of Jersey's strategic objectives sustainably and in the Island's interest. The Treasurer of the States should be actively involved in, and be able to bring influence to bear on, all material business decisions which have financial implications whenever and wherever they are taken.
4. The Treasurer of the States is head of the finance function throughout the States and is responsible for leading and directing the finance function and for ensuring that it is resourced to be fit for purpose.

Requirements

1. Role of Treasurer of the States

The Treasurer of the States must be aware of their role and responsibilities established under the Public Finances (Jersey) Law 2019. In addition, they must ensure that procedures are in place to ensure the standard and awareness of financial management and governance within the States of Jersey is in compliance with the provisions of the Law, any subordinate legislation and the Public Finances Manual.

2. **Interim Treasurer appointments**

If the Treasurer of the States resigns the Minister must, as soon as practicable, present a notice of the resignation to the States. If the post of Treasurer of the States becomes vacant or the Treasurer of the States is unable to discharge their functions the Minister for Treasury and Resources may appoint a person to carry out their functions.

3. **Annual Accounts and Governance Statements**

In recognition of the importance of financial reporting and governance at the end of each financial year, the Treasurer of the States must sign the annual accounts (which must also be signed by the Minister for Treasury and Resources) including the States of Jersey's overall Governance Statement (this part must also be signed by the Principal Accountable Officer).

4. **Head of Profession**

The Treasurer of the States must ensure that his head of profession role is properly discharged in order to ensure compliance with regulatory and professional standards.

5.**Delegation**

When considering delegation, the Treasurer of the States must ensure clear lines of control as well as accountability and reporting arrangements. Arrangements for delegation should promote good financial management and governance and should be supported by the necessary staff with an appropriate balance of skills and experiences.

The performance of a function of the Treasurer of the States may be delegated to another person(s). However, personal accountability for that function cannot be delegated. All delegations must be documented and recorded appropriately.

Appendix H - Role of the Treasurer of the States

6. **Infringements**

If the Treasurer of the States, as chief officer and Accountable Officer of Treasury and Exchequer is directed by the Minister, or the Council of Ministers or the Principal Accountable Officer to follow a course of action which involves a transaction which is considered to infringe the requirements of propriety or regularity; or their wider responsibility to ensure economy, efficiency and effectiveness, the Treasurer of the States must set out in writing the reason for the objection and their duty to notify the Comptroller and Auditor General. If a decision is made to go ahead with the course of action the Treasurer of the States must request a written instruction to this effect with a copy sent to the Comptroller and Auditor General and Principal Accountable Officer. If the course of action is followed, the Public Accounts Committee should be expected to recognise that the Treasurer of the States bears no personal responsibility for the action. The acid test is whether the Treasurer of the States could justify the proposed activity if asked to defend it.

7. **Resourcing**

The Treasurer of the States must ensure that financial information is available for decision makers throughout the financial year. The Treasurer of the States is responsible for supervising the administration of the Public Finances Law, ensuring the proper stewardship and administration of public finances and establishing a system of internal auditing. As part of this responsibility the Treasurer must bring to the attention of the Minister for Treasury and Resources if he or she considers that the finance function is not appropriately resourced to fulfil those functions and to ensure that clear, timely and accurate advice is provided to departments, the Government and States Members.

8**. Staff awareness**

The Treasurer of the States must take steps to ensure, as far as possible, that all staff are aware of their financial responsibilities and also the financial responsibilities expected of them within the Law and Public Finances Manual.

9. **Internal Audit**

The Treasurer of the States must ensure that they meet their statutory responsibility to ensure the proper internal audit of the States and Government of Jersey's finances and that a person is designated as Chief Internal Auditor.

In order to meet their obligations to the Minister the Treasurer of the States must also ensure that the Comptroller and Auditor General and, if appropriate, the Principal Accountable Officer, receive the results of internal audits.

Appendix I - Rolling votes

Rolling votes, replacement assets and minor capital

Introduction and background

This section applies to all States Bodies as defined in the Public Finances Law and to all expenditure made by Accountable Officers of States Bodies, or on their behalf. The principles should be applied to all public expenditure by any person authorised by an Accountable Officer to undertake that expenditure.

Projects within the Government Plan covered by this section of the Manual are:

- Infrastructure rolling vote
- Replacement assets
- Minor capital

For the purpose of this section of the Manual, all of the above are included within the term “rolling vote”.

A rolling vote is a head of expenditure which provides ongoing annual funding that will be used for a programme, comprising a range of projects, and it can be repeated (in rolls) over successive Government Plans.

The Infrastructure Rolling Vote is a programme of continual improvements to maintain key infrastructure such as roads, drains and sea defences, which face a continual threat of damage or erosion over time. This is critical ongoing activity that will continue long into the future as part of the continual maintenance of critical areas of the Island’s infrastructure.

A rolling vote can fund capital or revenue expenditure.

Replacement assets and minor capital heads of expenditure focus on the replacement of current equipment that is due to reach the end of its safe useful life and require replacing for newer equipment, to ensure assets are maintained for the ongoing delivery of services. Several departments have their own replacement asset and minor capital budgets. Specific funding is also provided for one-off investments such as fisheries vessels and new equipment for the Fire and Rescue Service.

Normally a single Accountable Officer is responsible for a rolling vote, replacement assets or minor capital head of expenditure.

The Public Finances Law includes specific controls over major projects. Using a rolling vote to fund a project cannot be used to circumvent these controls.

Users of this section should refer to other sections of the Public Finances Manual that are relevant. Specifically, these include:

- Expenditure and procurement
- Major, strategic and other projects
- Role of the Senior Responsible Officer
- Feasibility
- Changes to head of expenditure
- Assets
- Expenditure and procurement

Appendix I - Rolling votes

- Reserve head of expenditure
- Fraud
- Losses and write offs
- Grouped heads of expenditure
- Government Plan and budgeting

In addition to the common risks identified in the Background and Introduction section of the manual a number of significant risks relating to this section include:

- The selection of Individual projects within a rolling vote may not be prioritised to areas of greatest risk or need.
- Individual projects within a rolling vote may not be subject to the same business case discipline as if they were project heads of expenditure in their own right.
- Individual projects within a rolling vote may not be subject to the same cost control discipline as if they were project heads of expenditure in their own right.
- Individual projects within a rolling vote may not be subject to the same project governance discipline as if they were project heads of expenditure in their own right.
- Accountable Officers and Ministers may be unaware of how resources within rolling votes are being prioritised and spent.

Principles

1. Accountable Officers for rolling votes should ensure that available resources are prioritised to areas of greatest need.
2. Accountable Officers for rolling votes should ensure that individual projects within a rolling vote are subject to the same business case discipline (for the corresponding level of expenditure and complexity) as if they were project heads of expenditure in their own right.
3. Accountable Officers for rolling votes should ensure that individual projects within a rolling vote are subject to the same cost control discipline as if they were project heads of expenditure in their own right.
4. Accountable Officers for rolling votes should ensure that individual projects within a rolling vote are subject to the same project governance as if they were project heads of expenditure in their own right.
5. Officers with delegated responsibility for planning and incurring expenditure from rolling votes should ensure that Accountable Officers and Ministers are fully aware of how resources within rolling votes are being prioritised and spent.
6. Funding projects from within rolling votes should not be used to circumvent controls within the Public Finances Law over major projects.

Requirements

1. Planning

Accountable Officers must ensure that documented, rolling plans are in place to show how funding available within rolling votes will be prioritised. These plans must be approved at least annually by the Accountable Officer and responsible Minister and made available to the Treasurer of the States on request.

Appendix I - Rolling votes

2. Business cases

Accountable Officers must ensure that a robust process is in place within their department or area of responsibility to ensure that business cases (of proportionate detail and complexity) are prepared and evaluated for all expenditure from within a rolling vote.

3. Prioritisation

Accountable Officers must ensure that a robust process is in place within their department or area of responsibility to ensure that any changes to the programme of planned projects within a rolling vote are approved at an appropriate level, which is set out in the Accountable Officer's Scheme of Delegation.

4. Cost control

Accountable Officers must be informed if the cost of an individual project within a rolling vote is likely to the exceed the planned cost by 25% (or £100,000 whichever is the lower) or more. The Accountable Officer must also be informed of which other projects are proposed to be decelerated or abandoned as a result. The Accountable Officer must approve any such changes to the planned programme, or delegate such approval to other officers in the Scheme of Delegation.

5. Project governance

Accountable Officers must define the level of project governance expected for each project within the programme of planned projects within a rolling vote, complying with the requirements in the Major, strategic and other projects section.

6. Reporting

Accountable Officers and responsible Ministers must be provided with a report at least quarterly detailing all projects planned, completed and in progress within a rolling vote, together with actual costs to date and forecast costs to completion. The report must also detail any significant changes to the planned programme approved by the Accountable Officer or delegated officers. This report must be made available to the Treasurer of the States on request.

7. Consultation

The Accountable Officer for a rolling vote head of expenditure must ensure that consultation takes place with any affected Accountable Officer or Minister in advance of a decision being taken to accelerate, decelerate, add or abandon a project within the programme, and it is reasonably foreseeable that the other Accountable Officer or Minister may have views which should be taken into account.

8. Major projects

Funding projects from within a rolling vote must not be used to circumvent controls within the Public Finances Law over major projects. If at any time the total expenditure on a project from within a rolling vote, grouped head of expenditure or feasibility is forecast to meet or exceed the Public Finances Law definition for a major project, then the Group Director, Strategic Finance must be informed. That officer must take steps to ensure the project is then classified accordingly in a Government Plan and the Annual Report and Accounts.

Appendix J - Specific States Owned Entities

Specific States Owned Entities

Introduction and background

This section applies <u>only</u> to the following list of States Owned Entities (SOEs) (and their subsidiaries, if any) in which the States has an interest whether wholly or partly as Shareholder or as Guarantor:

Companies wholly owned by the States

- Andium Homes Limited ("Andium")
- Jersey Post International Limited ("JP")
- JT Group Limited ("JT")
- The States of Jersey Development Company Limited ("SoJDC")
- Ports of Jersey Limited ("PoJ")

Companies partly (majority) owned by the States

- The Jersey New Waterworks Company Limited ("JNWW")
- Jersey Electricity Plc ("JE")

These entities are referred to in Article 53 of the Public Finances (Jersey) Law, 2019 (the "Law"). Under this Article the Minister for Treasury and Resources is responsible for managing the States' shares in a company, wherever incorporated, on behalf of the States, and may exercise the rights and is responsible for any liabilities attached to the shares. These companies are referred to as the States Owned Entities (SOEs).

In addition, there are powers set up under the individual Laws and Regulations governing each of the SOEs in this section.

The overriding consideration in any SOE arrangement is the achievement of the States' Strategic Priorities in the most effective, efficient and economic manner, ensuring the imposition of robust controls over governance, including probity and regularity.

The Shareholder Relationship team within Treasury and Exchequer are responsible for maintaining the relationship between the States of Jersey and the above listed companies.

The States Owned Entities covered by this section can be split into two classes:
- Strategic Investments; and
- States-controlled subsidiary entities.

<u>Strategic Investments</u>

The shares the States hold in:

  - Jersey Electricity Plc
  - Jersey Post International Limited
  - JT Group Limited
  - JNWW

are classed as "Strategic Investments" and are companies in which the States have a controlling interest. These companies are not consolidated into the States accounts because, even though the States have either a 100% shareholding or a majority shareholding, in an adaption of IFRS 10, the Jersey Financial Reporting Manual only requires entities to be consolidated where the States have direct control evidenced by the Government, Council of Ministers or a Minister exercising in year control over operating practices, income, expenditure, assets and liabilities of the entity.

As Strategic Investments the holdings in these companies are classified in the States annual report and accounts as "Available-for-Sale" instruments.

States-controlled subsidiary entities

In addition to the Strategic Investments the Minister is responsible for the following wholly owned subsidiary companies (and any subsidiary, if any): -

- Andium – Jersey's largest provider of affordable housing, managing more than 4,500 properties and providing homes for more than 10,000 Islanders and is the States wholly owned social housing provider.
- Ports of Jersey – the wholly owned operator of the Island's Airport and Harbours, providing the strategic gateway infrastructure and associated services.
- SoJDC – the wholly owned company responsible for the development and regeneration of States owned property and land no longer required for the delivery of public services.

The above subsidiaries are distinguished from the Strategic Investments by way of the level of control exerted by the States of Jersey. Sufficient control is exerted over the entities above to meet the criteria for consolidation into the States of Jersey group accounts.

States of Jersey Investments Limited ("SOJIL")

SOJIL is wholly owned by the States and is a nominee company formed to hold the issued shares in Jersey Post International Limited, JT Group Limited and Ports of Jersey Limited.

The following legislative provisions and agreements govern the operation of the SOEs:-

SOE	Date incorporated	Legislation/ Proposition	Articles of Association	Memorandum of Understanding/Agreement
Andium	13 May 2014	P.33/2013 The Reform of Social Housing	13 May 2014	1 May 2022
JEC	5 April 1924	Electricity (Jersey) Law 1937	10 March 2003	Agreement - 22 November 2014
Jersey Post	22 September 2005	Postal Services (Jersey) Law 2004	30 May 2023	1 May 2022
JT	12 May 2007	Telecommunications (Jersey) Law 2002	6 June 2023	1 May 2022
PoJ	16 September 2015	P.70/2012 Incorporation of Ports of Jersey	27 June 2023	1 May 2022
JNWW	11 February 1882	Water (Jersey) Law 1972	22 June 2011	Agreement - 2023

Appendix J - Specific States Owned Entities

SoJDC	21 February 1996	[P.73/2010 Property and Infrastructure Regeneration]()	20 June 2011	1 May 2022
SOJIL	10 October 2002	N/A	10 October 2002	N/A

Users of this section should also refer to the following sections of the Manual:

- Accountable Officers in specified organisations
- Annual financial statements.

These companies will face many of the same risks to which the States is exposed but these are managed directly by the individual Boards and Executive Management teams. Details on how these risks are managed can be found in each company's own annual report.

The following list identifies some of the risks to the States which this section is intended to address and reduce in terms of likelihood and impact. There will invariably be more risks than can be practically listed below:

- that the strategic priorities of the States are not met
- that SOEs' service priorities are not fully aligned with corporate and shareholder priorities
- that SOEs do not represent the most effective mode of service delivery, in terms of value for money against alternative service provision options
- that the business case for the creation and continuation of an SOE is based on inadequate or inaccurate assumptions and not properly evaluated
- that service and performance targets are not adequately defined
- that there is inconsistent application of controls and performance management of SOEs across the States of Jersey, with inconsistent frequency in performance assessment and absence of commonality in information requirements and documentation
- that oversight of the SOEs is sub optimal and inadequate challenges are being applied in the tracking of operational and financial performance management
- that there is a lack of agility in departmental responses to substandard SOE performance
- that there is inadequate rigour within governance controls covering the management of the relationship between the States of Jersey and SOEs
- that service delivery risks are not properly managed
- that there is conflict of interest between those representatives of the States involved in decision making and the SOEs performance management
- that there is inadequate corporate oversight of SOE strategy and performance management
- that SOEs do not have sufficient understanding of the States' insurance programme and their own insurance requirements, resulting in their being under insured or incurring excessive and or unnecessary premiums
- that the States suffers financial loss as a result of the activities of the SOEs
- that the States suffers reputational damage as a result of the activities of the SOEs

Principles

Appendix J - Specific States Owned Entities

1. All SOEs should contribute towards the strategic aims, priorities, and desired outcomes of the States.
2. Service delivery should be aligned to the priorities of the States.
3. The merits of establishing a relationship with a SOE should be well defined and based on robust assumptions.
4. A risk based approach to assurance, governance and the oversight of operational and financial performance should be exercised.
5. There should be a consistent approach to the utilisation of SOEs across the States and a continuous challenge required on both SOEs' performance and the utilisation of SOEs as representing the most optimal mode of service delivery against viable alternative options.

Requirements

1. **SOE obligation to make staff aware**

   The most senior officer of each SOE must ensure that their staff are aware of the requirements of this section of the Public Finances Manual as it affects their organisation.

2. **Responsibility of Treasury and Exchequer's Shareholder Relationship Team**

   The Head of Shareholder Relations maintain sufficient records to evidence that the SOEs are meeting their obligations under the Law and MoUs.

3. **Requirements of the Companies (Jersey) Law 1991, as amended (the "Companies Law")**

   In addition to the legislative provisions and agreements that govern the operation of the SOEs set out in the Introduction and background, each SOE is a Jersey registered company and is therefore governed by the Companies Law. Each SOE must comply with the following requirements:

   - have a registered office in the Island in accordance with Article 67
   - the directors of an SOE must observe the duties listed in Article 74 in fulfilling their responsibilities
   - must maintain a register of directors and secretaries in accordance with Article 83
   - must maintain a register of members in accordance with Article 84
   - must produce an annual set of accounts in accordance with Article 105
   - should hold an AGM of the shareholder(s) of the company at which the annual report and accounts are to be tabled for adoption in accordance with Article 87 as well as the SOE's Articles of Association and MoU
   - must produce and retain minutes of all general meetings, meetings of its members, directors, and committees of directors in accordance with Article 98.

4. **Requirement for Memoranda of Understanding ("MoU")**

   The MoU complements the legislation and Articles of Association for each wholly owned SOE. It represents the internal guidebook to the shareholder relationship. There must be an MoU between the body and the States, as represented by the Minister for Treasury and Resources, for each wholly owned SOE. These MoUs must be published to the States Assembly, and must cover the following areas:

- the business objectives of the SOE
- the objectives of the States' ownership of the SOE
- Key Performance Indicators ("KPIs")
- obligations to inform, consult and/or approve
- director appointment and remuneration provisions
- risk management
- the requirements for a Strategic Business Plan
- reporting requirements.

5. Periodic updates

On a quarterly basis, to a timescale agreed with the Minister all wholly owned SOEs must provide financial information in the form required by the Minister for Treasury and Resources focusing on progress against objectives. All majority owed SOEs must provide financial information on a semi-annual basis in the form required by the Minister for Treasury and Resources.

6. **Meetings**

The MoUs set out a calendar of meetings, besides the AGM, that must take place between the SOEs, the Minister for Treasury and Resources and Treasury officials, as well as define the items to be discussed, papers and reports to be tabled at each meeting. The dates of the quarterly meetings for the following year should be agreed with the company secretaries of the SOE by the last quarter of each year.

7. **Meeting notes**

The Treasury and Exchequer's Shareholder Relationship Team must ensure that official notes of all meetings with the SOEs are taken and these are circulated to attendees as soon as is practicable after the meeting to ensure the notes are an accurate record of discussions held during those meetings.

8. **Strategic Business Plan ("SBP")**

Each SOE is required by the MoU to produce a SBP, and keep it under review, setting out the SOE's objectives and aims for the ensuing period covered by the SBP. The MoUs set out detailed requirements as regards what should be contained within the SBP as a bare minimum. The SOE must seek the approval of the SBP by the Minister for Treasury and Resources. Treasury officials may seek external assurance reviews of the SBP as deemed appropriate and necessary.

At each quarterly meeting, the SOE must present an update on their performance against the Key Performance Indicators in the SBP.

9. **Reporting**

Under the terms of the MoUs, the SOEs must provide such reporting on an annual and ad hoc basis for the purpose of preparing the financial statements of the States and to assist with the financial planning of the States. This information must be provided in line with the States of Jersey's accounting timescales.

10. **Provision of information**

SOEs must give the Minister for Treasury and Resources shareholder access to information to assist the Minister to properly and effectively respond, within the necessary timescale, to requests for information for Ministerial questions. SOEs must provide any other information required for the Shareholder to fulfil its responsibilities on behalf of the States

11. Risk Management

In accordance with each MoU, the Treasury's Head of Risk must be invited to attend two of the quarterly shareholder meetings per annum with the SOEs. In addition, Treasury officials must bring any risk issues with respect to the SOEs that need to be considered and escalated to the attention of the Head of Risk.

12. **SOJIL**

SOJIL holds the shares in Jersey Post, JT and Ports of Jersey as nominee for States of Jersey. Accordingly, dividends received from these entities are automatically paid to States of Jersey.

Annual financial statements are prepared for SOJIL which note the dividends that were paid to the States of Jersey during the course of the year in respect of the shares held as nominee.

The Directors' resolution that is prepared to approve the annual financial statements also ratifies all actions of the directors during the course of the year, which include the signing of proxy forms for the Annual General Meetings of Jersey Post, JT and Ports of Jersey.

13. **Retention of financial documents**

The Shareholder Relationship Team must ensure that documents in respect of the SOEs are retained in accordance with the periods set out in Retention of Financial Documents (see Supporting documents) in an appropriate format.

Appendix K1 - Governance Checklist ALOs over 1m

GOVERNANCE CHECKLIST & GRANT APPLICATION for …………………………………….

The overriding consideration in any Arm's Length Organisation arrangement is the achievement of the States' Strategic Priorities in the most effective, efficient and economic manner, ensuring the imposition of robust controls over governance including probity and regularity in the use of public funds. Accountable Officers of sponsor departments can elect to treat a grant receiving body as an Arm's Length Organisation and apply the stricter requirements of the Public Finance Manual even if the body does not meet the full definition of an Arm's Length Organisation.

PART 1 - Safeguarding

Please complete the following as fully as possible.

Safeguarding	Y/N	Comments
Do you acknowledge that vulnerable people have a right to be safe and that adults have a responsibility to protect them, and do you acknowledge and confirm that where your organisation has any involvement with children and or vulnerable adults that you have a direct responsibility in respect to the safeguarding of those individuals and that you take appropriate actions to ensure those responsibilities are met?		*Outline specific steps that the organisation has taken (e.g. % of staff completed safeguarding training).*
Do you confirm that where your organisation has any involvement with children and or vulnerable adults that you have adopted appropriate safeguarding policies and procedures and that staff are appropriately vetted and trained in respect to safeguarding, and that designated safeguarding lead(s) have been appointed?		*Evidence – named safeguarding lead, embed copies of policies and procedures here. Please confirm the level of vetting that staff undergo and provide evidence that this is up to date.*

Guidance on safeguarding (including procedures and the reporting of concerns) can be found by visiting safeguarding.je or by contacting the Safeguarding Partnership Board.

PART 2 – Organisation Governance and Controls

Appendix K1 - Governance Checklist ALOs over 1m

Please complete the following as fully as possible and where a control is not in place, please add a comment.

Internal Controls	**Y/N**	**Comments**
Do you have documented policies and procedures with regard to financial controls?		*Embed copies of policies and procedures here (e.g. Travel policy).*
Do you have regular financial and objective performance reporting – if so – who to?		*Explain what happens monthly, annually and quarterly. Who has responsibility and accountability? Please attach latest report.*
Do you carry out an annual review of the internal financial controls?		*How is this review conducted? By whom? What changes were made following the last review? Please attach any ISA260 or similar reports.* *If an annual review is not carried out, please indicate how you gain assurance that internal financial controls are reliable.*
Managing Risk		
Do you maintain a list of the risks that could prevent your objectives being met? Do you provide quantification of risk? Do you consider reputational risk to the Island from the operations of your company?		*Insert latest Risk Register.*
Do you mitigate the risks in order to prevent or minimise likelihood or outcome –if so – how? Do you review how your risks have changed over time?		*Insert latest Risk Register with mitigations. If you are unable to share a copy of your Risk Register with GOJ, please explain rationale.*
Is Risk covered in your Annual Report?		
Do you have a risk committee reporting to the Main Board and meeting at least once per year?		*If yes please provide details of the committee, what it includes and how often it meets per year.*

		If no please provide details of how the main Board has considered risk during the year.
Does your organisation have insurance for its employees and activities?		*If yes please enclose details of your Employees insurance, Public Liability Insurance, Product / Service Specific Insurance, General Insurance.*
Do you currently borrow money?		*If yes, please provide the details of this borrowing. This should include any other monies in the form of loans to the organisation.*
Do you have income from any other source – Investment, commercial activities income etc.?		*Please provide details.*
What percentage is your grant income from Government of Jersey (GoJ) as a percentage of your total income?		*Please provide details for the past 12 months and explain any material increases or decreases in the proportion of your income derived from grants.*
Do you receive grant gifting from more than one department in Government of Jersey?		*If yes please list.*
Do you have policies and controls over access to and storage of electronic information? Do you hold cyber essentials as a minimum level of control?		*Explain/insert records management and retention policy. Insert copy of Cyber Essentials Certification.* *Summarise mandatory data protection training that staff have undertaken. Explain company awareness of Data Protection Impact Assessments etc.,* *Please provide evidence about how your organisation ensures GDPR compliance for all data not just electronic data.*
Do your staff members receive regular training on data security / GDPR?		*If yes please list the training as well as the dates and frequencies of the training.*
What policies do you have in place to maximise your cyber security?		
Do you have someone who you have nominated as your Data Protection Officer?		
Are you registered with the Data Commissioner?		*Registration Number?*

Do you have a whistle blowing policy in place, is it understood by all staff and board members?		*Explain/insert policy. Please demonstrate how this policy is being applied in practice.*
How do you promote diversity and equal opportunities within your organisation?		
Do you promote & record social value within your organisation?		
During the course of 2022 have you had reason to respond to Scrutiny Panels?		*If yes please provide the reason for your involvement with the Scrutiny panel, dates and details of your response.*
An Effective Board		
Can you provide the details of your beneficial owner?		
Does each board member understand their duties and have a statement defining them?		*Insert evidence.*
Does each board member give adequate time to their duties?		*For example, are meetings quorate, is a record maintained of board members' attendance?*
How is the performance of board members evaluated?		*Please provide details of who reviews the board members' performance (including that of the Chair) and how frequently this review is carried out. Please also indicate if this process is up to date.* *How often is this independent review of performance undertaken?*
Does your board include someone with recent and relevant financial management experience?		*Who is this person? Can you please specify the nature of their experience, for example are they a qualified accountant?*
Does your organisation provide suitable training to support your executive and non-executive directors?		
Does the finance-lead (e.g. Financial Controller or Financial Director) sign an annual statement of internal control (that outlines the control processes and their management processes)?		*Insert most recent evidence.*

Appendix K1 - Governance Checklist ALOs over 1m

Does every board member declare personal conflicts or conflicts of interest? Or Directorships of other State-Owned Entities? Is this regularly reviewed?		*Please provide details – for example, how frequently are board members required to make declarations, who reviews the declarations to confirm that there are no conflicts which cannot be mitigated?*
Does the Board meet at least quarterly?		*Provide dates of all yyyy main Board meetings.*
Does the Board receive well prepared, concise, timely papers that include recommendations for decision making purposes?		*Do the Board minutes state who was in attendance (and in what capacity e.g. voting member or attending to present / observe)?* *Are Board agendas and papers clear about what the Board is being asked to do – e.g. make a decision or just note an item?* *Are all actions logged and minuted and signed off as being accurate and dated?* *Are Board minutes clear about what decisions the Board has made and the basis for these decisions?*
Does the board have the appropriate mix of skills to deliver its objectives?		
Does the Board have formal process for evaluating the performance of its executive?		*Provide evidence of when the last Board Review was carried out.*
Does the Chief Executive Officer sign off on the annual performance report?		
Does the Board formally review its own performance at least annually?		*Provide evidence of the yyyy review of the organisations performance. Is this self assessed or independently reviewed?*
Does the Board formally review the performance of the CEO (or equivalent) at least annually?		
Does the Board review its terms of reference annually?		*Provide evidence of the latest terms of reference.*
Does the Board have guidelines regarding receiving gifts or hospitality?		*Explain if a gifts and hospitality register is kept for the Board and how this is reviewed.*

Does the Board have a formal process for setting remunerations and expense allowances?		*Explain the process.*
Has the Board implemented the C&AG recommendations (R6. R7) as outlined in the Remuneration of Board Members report (October 2019)?		*Insert latest Board membership (including date of appointment, renewal dates).*
Business Plan		
Does the Organisation formally approve an annual business plan (including financial and resource plans) that is aligned to the priorities of the States of Jersey and the sponsor department?		*Insert a copy of the draft or final approved yyyy business plan.*
Does it contain a statement of aims?		
Does it contain measurable outputs / outcome / success criteria?		
Are the outputs / outcomes costed and timetabled?		
Is progress assessed against the business plan at least quarterly?		
How aligned is the business plan with your governmental department's objective from GoJ?		*Please provide evidence.*
Customer Feedback		
Does the organisation have a customer feedback policy? Does the policy cover agreed standards for: • quality and speed of response;		*Insert policy. If no policy exists, do customers know how to provide feedback?*

• identifying, recording and analysing complaints; and • co-ordinating service improvement.		*Effective management of complaints from members of the public can:* *✓provide valuable information about weaknesses in programmes of work, policies and service delivery;* *✓stimulate improvement;* *✓reassure the public that an organisation is committed to resolving problems; and* *✓enhance accountability and transparency* *It would be useful for the organisation to review the C&AG report HANDLING AND LEARNING FROM COMPLAINTS 08 JULY 2020.*

PART 3 - Financial Controls

Please complete the following as fully as possible and where a control is not in place, please add a comment.

Expenditure	**Y/N**	**Comments**
Do you have a scheme of delegation listing persons who are approved to carry out financial transactions, for example raise orders and make payments, and the amounts they are allowed to spend?		*Please provide your current scheme of delegation or similar record and confirm:* *✓how this is approved and kept up to date;* *✓that bank mandates (online and cheque payment) and online purchasing permissions reflect the scheme of delegation.*

Appendix K1 - Governance Checklist ALOs over 1m

How is access to online banking and ordering controlled?		*Please explain your processes for managing access to online functions e.g., good password management, documented approval that staff can have access, prompt removal of access when people leave.*
Does your organisation have a formal tendering procedure for procurements of products or services over a particular value?		*Is yes please provide details of the procedures in place, for example thresholds for obtaining multiple quotations or carrying out a public tendering exercise?*
Are orders raised for all purchases made by your organisation?		*Please state any circumstances where orders would not be used, and the rationale for these exceptions.*
Is there segregation of duties between individuals approving orders and those checking goods and services received and arranging payment?		*Please explain how the organisation prevents one individual from raising an order, checking goods and services received and approving payment.*
How does your organisation ensure that requests received to change supplier bank account details are genuine?		*Are requests for changes to bank details or contact details checked directly with a trusted contact at the supplier?*
Does your organisation use company credit cards or purchase cards?		*If so, please explain how these are managed:* ✓ *the purpose for which they are used;* ✓ *controls in place to prevent misuses.*
Do you keep invoices for all purchases for at least 3 years?		*Explain financial retention schedule.*
Do you have qualified finance people who are employed within your organisation?		*Please explain their roles and responsibilities and give details of the qualifications that they hold.*
Do you have a detailed budget for the coming year?		*Insert budget forecast for yyyy.*
Is your annual budget allocated to monthly spend?		
Do you report on actual v budget at least quarterly – if so to who?		
Does your organisation still make payments by cheque?		*If yes is there an approved bank mandate for cheque signatures?*

Government of JERSEY

		Is access to blank cheques restricted?
Are cheque books stubs retained for 10 years? Or electronic payment records retained for 10 years? (QuickBooks, SAGE or on-line Bank Account payments and transactions)?		*Explain financial retention schedule.*
Do you have a maximum limit for cash purchases, if so, what is it?		
Are bank account reconciliations undertaken regularly and are discrepancies or queries investigated in a timely manner to conclusion?		*If yes are these independently checked?*
Do you have a fixed asset register? And it is reviewed (how often and by whom)?		*Insert asset register. Please provide details of independent reconciliations and physical verification checks.*
Do you perform a quarterly stock take? (evidence)		
Cash Transactions are high risk and should be discouraged. Do you seek to reduce cash transactions?		
Income		
Do you have debt recovery procedures in place?		*Please provide evidence.*
Is there a formal process for approving debt write offs?		*If yes please provide evidence, including details of who is authorised to write off debt, how this approval is evidenced and whether the Board (or Audit Committee where applicable) receives regular reports of write offs.*
Do you undertake sales ledger reconciliation?		*If yes please provide evidence.*
If you receive income by post do two people open the mail?	Y/N	*Comments.*
Is the receipt date and name of payee for all incoming funds recorded and verified by two persons?		

Do you bank cash with 3 days of receipt?		
Do you rotate income receipting staff every quarter?		
If you sell tickets – are they pre numbered and reconciliations made of income to tickets?		
Is a record kept of who holds and distributes which tickets?		
Is cash kept in a secure environment?		
Is income banked gross – i.e. without petty cash deductions?		
Where the organisation receives a significant proportion of income in cash, what controls are in place to ensure cash income is banked completely and accurately?		*This may include spot checks on cash records and paying in slips, checking paying in slips against bank statements to ensure these reconcile and cash is fully accounted for.*
Do you have a policy detailing your cash and banking procedures – have all staff and board members seen it?		*Insert policy.*
Outline anti-corruption arrangements that exist within the organisation.		*Please specify arrangements for staff to make regular declarations of potential conflicts of interest e.g. if they work in high risk areas such as procurement, and how such declarations are reviewed and signed off.*
Does the organisation have any of these: Fraud Policy Statement, a Fraud Risk Strategy and a Fraud Response Plan?		*Insert details of your AML policy and Fraud Risk Policy and how these are resolved.*
How does the organisation exercise due diligence over donations to ensure the source of this funding is legitimate?		*If you do receive donations what checks are undertaken?*
Has the organisation received any allegations of fraud in the past 12 months?		*Confirm how many (number rather than details of the case which may be confidential) and whether these cases were*

		managed in accordance with the fraud response plan or similar process.
Does the organisation maintain a record of losses at all times? Does the record show: • the nature and gross amount (or estimate where an accurate value is unavailable) • cause of each loss • the action taken, total recoveries and date of write-off were appropriate • the annual accounts in which each loss is to be noted		*Please provide details of your write off policy.*
Reserves		
Does your organisation hold reserves?		
If so, what is the reserves policy?		*Please provide details.*
Is this reviewed regularly by the Board to ensure that this is in line with the organisational strategy and risk profile and agreement with sponsor department agreements (if applicable)?		
What percentage of your total turnover is your reserves?		*Please provide details of your year forecast against actual level of reserves for each year long period.*
Staff		
How many full-time equivalents do you have in your organisation?		
Does your organisation have an Employee Handbook accessible to all employees and does this include a formal Code of Conduct?		*If yes please provide details.*
Are your salary payments made with cash? If so, why?		

What controls are in place to ensure that only bona fide payments are made in relation to salaries, overtime (if applicable) and expenses?		
Do you monitor annual leave and absence? How do you account for accrued, but untaken annual leave at the end of the financial year?		
Do you have an expenses policy?		*Insert policy. Example of GOJ is here.*
What other staff related policies do you have in place? How often are they reviewed to ensure they are fit for purpose (best practice and legally compliant)? Who reviews them? Does the Board or sub-committee review staff related policies?		
What assurance does the Board receive that the organisation complies with employment law?		
How are annual salary increase/ pay awards agreed and approved (including performance related pay)?		
Accounting and Annual Reporting		
Do you prepare internal and statutory accounts every year?		
Are the statutory accounts prepared by a qualified accountant? What accounting framework is adopted? (e.g. FRS102)		*Who will prepare the final yyyy accounts?*
Are the accounts audited by qualified persons (not necessarily an audit firm)?		*Who will prepare the final yyyy audited accounts?*
Are Annual Reports published online on your organisation website? If not, why not?		*Insert hyperlink to the yyyy Annual Report. What date do you expect the yyyy Annual Report to be available online?* *GOJ and C&AG believe that good practice is to publish a document containing performance reporting, accountability*

		reporting and financial statements online so that members of the public can review.
Is the organisation aware that the Annual Accounts of those organisations which receive grant funding in excess of £75,000 from the States of Jersey are published as a report to the States Assembly?		
High quality annual reports are fundamental to effective accountability. Will the organisation be implementing the C&AG recommendations from her Good Practice Guide in the XXXX Annual Report? See C&AG best practice principles in corporate reporting (p. 44)		*Explain which recommendations will be implemented in the yyyy Annual Report and which will not. Provide rationale for non-adherence with the Good Practice Guide. Whether the yyyy report will include the overarching content C&AG would expect in terms of best practice in public reporting, namely:* *• a commentary on performance;* *• relevant accountability reports and statements (including remuneration and workforce reporting); and* *• relevant financial performance data;* *Grants Governance Checklist Page 8 of 10 Economy* *Whether the report will encompass a commentary on the following good practice elements:* *• strategy;* *• risks;* *• operations;* *• governance; and* *• measures of success; and* *Whether the report will meet best practice in terms of:* *• accountability;* *• transparency;* *• accessibility; and* *• understandability.*

		Will your yyyy Annual Report provide greater weight to sustainability reporting in terms of climate change impact. See C&AG best practice principles in corporate reporting (p.44)
Does the organisation produce an Accountability report? Does the report exhibit best practice as per the C&AG report? (p.37)		*Insert latest Accountability report.* *Explain which elements of best practice will be implemented in the yyyy Accountability Report and which will not. Provide rationale for non-adherence with the C&AG best practice.* *To note – when Partnership Agreements are next reviewed, a requirement for the organisation will be to have an annual report to include best practice accountability reports including a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report.*

2022 ongoing checks		
1. Final review of XXXX business plan (inc. KPIs) due by 1st January XXXX. 2. Agreed XXXX business plan with KPIs aligned to Common Strategic Priorities due by XXXX. 3. Governance checklist (this document) for 2021 due by 1st January XXXX. 4. Grant Assurance Statement for XXXX grant received due on or before 31 January XXXX. 5. Draft unaudited accounts for XXXX due on or before 31 January XXXX, or soon thereafter. Once documents for 1-5 above have been received, the invoice as per Schedule can be submitted.		*Please ensure that these dates are shared with relevant internal colleagues within your organisation Failure for the organisation to meet these deadlines will delay payment of grants.*

The assessment of need by XXXX officials must be carried out in sufficient time to enable the. relevant Minister or Accountable Officer approving the grant to be provided with the results of assessments. Organisations are reminded that the standard payment terms are 30days and invoices that are sent to government should reflect this. 6. Quarter 1 XXXX financial report due on or before 30 April XXXX. 7. Quarter 2 XXXX financial and operational report due on or before 31 July XXXX. A half-year assessment of operational and financial performance of the organisation. This should focus on the aims and priorities of the organisation and how these are being met, whether the standards set by the government have been met, other key performance measures and targets and (where applicable) disclosure of future Arm's Length Organisation's planning initiatives and how they are likely to impact upon the achievement of the Common Strategic Priorities. 8. Final Audited accounts and (where applicable) associated ISA 260 report for XXXX due on or before 31 July XXXX or soon thereafter. 9. Quarter 3 XXXX financial report due on or before 31 October XXXX. 10. Draft review of XXXX business plan and KPIs due by 1st December XXXX.		

Government officer involved in developing policy with the organisation:
Government officer tasked with monitoring the relationship with the organisation:

The Office of the Chief Executive confirm that the Accountable Officer shall not be a member of any Arm's Length Organisation Board (if applicable) or decision-making forum within an Arm's Length Organisation or other organisations who receive a grant from the Sponsor department. This reduces the conflict of interest between those representatives of the Government of Jersey involved in decision making and Arm's Length Organisation/other organisations performance management. Government of Jersey would though expect a member of a sponsor's department to be able to observe board meetings.

Appendix K1 - Governance Checklist ALOs over 1m

Appendix K1 - Governance Checklist ALOs over 1m

Organisation confirmation and sign-off

To be completed by a Trustee / Director to state that this document (Parts 1-3) is a true reflection of the governance and control processes that are in place in the organisation.

Organisation: ………

Signed: ……………………………………………………………… Date: ………………………………………………………………

Name: ………………………………………………………………

Capacity: ………

Grant Sum Requested ………

Appendix K2 - Governance Checklist ALOs under 1m

GOVERNANCE CHECKLIST & GRANT APPLICATION for …………………………………….

The overriding consideration in any Arm's Length Organisation arrangement is the achievement of the States' Strategic Priorities in the most effective, efficient and economic manner, ensuring the imposition of robust controls over governance including probity and regularity in the use of public funds. Accountable Officers of sponsor departments can elect to treat a grant receiving body as an Arm's Length Organisation and apply the stricter requirements of the Public Finance Manual even if the body does not meet the full definition of an Arm's Length Organisation.

PART 1 - Safeguarding

Please complete the following as fully as possible.

Safeguarding	**Y/N**	**Comments**
Do you acknowledge that vulnerable people have a right to be safe and that adults have a responsibility to protect them, and do you acknowledge and confirm that where your organisation has any involvement with children and or vulnerable adults that you have a direct responsibility in respect to the safeguarding of those individuals and that you take appropriate actions to ensure those responsibilities are met?		*Outline specific steps that the organisation has taken (e.g. % of staff completed safeguarding training).*
Do you confirm that where your organisation has any involvement with children and or vulnerable adults that you have adopted appropriate safeguarding policies and procedures and that staff are appropriately vetted and trained in respect to safeguarding, and that designated safeguarding lead(s) have been appointed?		*Evidence – named safeguarding lead, embed copies of policies and procedures here. Please confirm the level of vetting that staff undergo and provide evidence that this is up to date.*

Guidance on safeguarding (including procedures and the reporting of concerns) can be found by visiting safeguarding.je or by contacting the Safeguarding Partnership Board.

Appendix K2 - Governance Checklist ALOs under 1m

PART 2 – Organisation Governance and Controls

Please complete the following as fully as possible and where a control is not in place, please add a comment.

Internal Controls	**Y/N**	**Comments**
Do you have documented policies and procedures with regard to financial controls?		*Embed copies of policies and procedures here (e.g. Travel policy).*
Do you have regular financial and objective performance reporting – if so – who to?		*Explain what happens monthly, annually and quarterly. Who has responsibility and accountability? Please attach latest report.*
Do you carry out an annual review of the internal financial controls?		*How is this review conducted? By whom? What changes were made following the last review? Please attach any ISA260 or similar reports.* *If an annual review is not carried out, please indicate how you gain assurance that internal financial controls are reliable.*
Managing Risk		
Do you maintain a list of the risks that could prevent your objectives being met? Do you provide quantification of risk? Do you consider reputational risk to the Island from the operations of your company?		*Insert latest Risk Register.*
Do you mitigate the risks in order to prevent or minimise likelihood or outcome –if so – how? Do you review how your risks have changed over time?		*Insert latest Risk Register with mitigations. If you are unable to share a copy of your Risk Register with GOJ, please explain rationale.*
Is Risk covered in your Annual Report?		

Appendix K2 - Governance Checklist ALOs under 1m

Does your organisation have insurance for its employees and activities?		*If yes please enclose details of your Employees insurance, Public Liability Insurance, Product / Service Specific Insurance, General Insurance.*
Do you currently borrow money?		*If yes, please provide the details of this borrowing. This should include any other monies in the form of loans to the organisation.*
Do you have income from any other source – Investment, commercial activities income etc.?		*Please provide details.*
What percentage is your grant income from Government of Jersey (GoJ) as a percentage of your total income?		*Please provide details for the past 12 months and explain any material increases or decreases in the proportion of your income derived from grants.*
Do you receive grant gifting from more than one department in Government of Jersey?		*If yes please list.*
Do you have policies and controls over access to and storage of electronic information? Do you hold cyber essentials as a minimum level of control?		*Explain/insert records management and retention policy. Insert copy of Cyber Essentials Certification.* *Summarise mandatory data protection training that staff have undertaken. Explain company awareness of Data Protection Impact Assessments etc.,* *Please provide evidence about how your organisation ensures GDPR compliance for all data not just electronic data.*
Do your staff members receive regular training on data security / GDPR?		*If yes please list the training as well as the dates and frequencies of the training.*
What policies do you have in place to maximise your cyber security?		
Do you have someone who you have nominated as your Data Protection Officer?		
Are you registered with the Data Commissioner?		*Registration Number?*
Do you have a whistle blowing policy in place, is it understood by all staff and board members?		*Explain/insert policy. Please demonstrate how this policy is being applied in practice.*

How do you promote diversity and equal opportunities within your organisation?		
Do you promote & record social value within your organisation?		
During the course of 2022 have you had reason to respond to Scrutiny Panels?		*If yes please provide the reason for your involvement with the Scrutiny panel, dates and details of your response.*
An Effective Board		
Can you provide the details of your beneficial owner?		
Does each board member understand their duties and have a statement defining them?		*Insert evidence.*
Does each board member give adequate time to their duties?		*For example, are meetings quorate, is a record maintained of board members' attendance?*
How is the performance of board members evaluated?		*Please provide details of who reviews the board members' performance (including that of the Chair) and how frequently this review is carried out. Please also indicate if this process is up to date.* *How often is this independent review of performance undertaken?*
Does your board include someone with recent and relevant financial management experience?		*Who is this person? Can you please specify the nature of their experience, for example are they a qualified accountant?*
Does your organisation provide suitable training to support your executive and non-executive directors?		
Does the finance-lead (e.g. Financial Controller or Financial Director) sign an annual statement of internal control (that outlines the control processes and their management processes)?		*Insert most recent evidence.*
Does every board member declare personal conflicts or conflicts of interest? Or Directorships of other State-Owned Entities? Is this regularly reviewed?		*Please provide details – for example, how frequently are board members required to make declarations, who reviews the declarations to confirm that there are no conflicts which cannot be mitigated?*

Appendix K2 - Governance Checklist ALOs under 1m

Does the Board meet at least quarterly?		*Provide dates of all yyyy main Board meetings.*
Does the Board receive well prepared, concise, timely papers that include recommendations for decision making purposes?		*Do the Board minutes state who was in attendance (and in what capacity e.g. voting member or attending to present / observe)?* *Are Board agendas and papers clear about what the Board is being asked to do – e.g. make a decision or just note an item?* *Are all actions logged and minuted and signed off as being accurate and dated?* *Are Board minutes clear about what decisions the Board has made and the basis for these decisions?*
Does the board have the appropriate mix of skills to deliver its objectives?		
Does the Board have formal process for evaluating the performance of its executive?		*Provide evidence of when the last Board Review was carried out.*
Does the Chief Executive Officer sign off on the annual performance report?		
Does the Board formally review its own performance at least annually?		*Provide evidence of the yyyy review of the organisations performance. Is this self assessed or independently reviewed?*
Does the Board formally review the performance of the CEO (or equivalent) at least annually?		
Does the Board review its terms of reference annually?		*Provide evidence of the latest terms of reference.*
Does the Board have guidelines regarding receiving gifts or hospitality?		*Explain if a gifts and hospitality register is kept for the Board and how this is reviewed.*
Does the Board have a formal process for setting remunerations and expense allowances?		*Explain the process.*

Appendix K2 - Governance Checklist ALOs under 1m

Has the Board implemented the C&AG recommendations (R6. R7) as outlined in the Remuneration of Board Members report (October 2019)?		*Insert latest Board membership (including date of appointment, renewal dates).*
Business Plan		
Does the Organisation formally approve an annual business plan (including financial and resource plans) that is aligned to the priorities of the States of Jersey and the sponsor department?		*Insert a copy of the draft or final approved 2021 business plan.*
Does it contain a statement of aims?		
Does it contain terms of reference?		
Does it contain measurable outputs / outcome / success criteria?		
Are the outputs / outcomes costed and timetabled?		
Is progress assessed against the business plan at least quarterly?		
How aligned is the business plan with your governmental department's objective from GoJ?		*Please provide evidence.*
Customer Feedback		
Does the organisation have a customer feedback policy? Does the policy cover agreed standards for: • quality and speed of response; • identifying, recording and analysing complaints; and		*Insert policy. If no policy exists, do customers know how to provide feedback?* *Effective management of complaints from members of the public can:*

• co-ordinating service improvement.		*✓provide valuable information about weaknesses in programmes of work, policies and service delivery;* *✓stimulate improvement;* *✓reassure the public that an organisation is committed to resolving problems; and* *✓enhance accountability and transparency* *It would be useful for the organisation to review the C&AG report HANDLING AND LEARNING FROM COMPLAINTS 08 JULY 2020.*

PART 3 - Financial Controls

Please complete the following as fully as possible and where a control is not in place, please add a comment.

Expenditure	**Y/N**	**Comments**
Do you have a scheme of delegation listing persons who are approved to carry out financial transactions, for example raise orders and make payments, and the amounts they are allowed to spend?		*Please provide your current scheme of delegation or similar record and confirm:* *✓how this is approved and kept up to date;* *✓that bank mandates (online and cheque payment) and online purchasing permissions reflect the scheme of delegation.*

Government of JERSEY

Appendix K2 - Governance Checklist ALOs under 1m

How is access to online banking and ordering controlled?		*Please explain your processes for managing access to online functions e.g., good password management, documented approval that staff can have access, prompt removal of access when people leave.*
Does your organisation have a formal tendering procedure for procurements of products or services over a particular value?		*Is yes please provide details of the procedures in place, for example thresholds for obtaining multiple quotations or carrying out a public tendering exercise?*
Are orders raised for all purchases made by your organisation?		*Please state any circumstances where orders would not be used, and the rationale for these exceptions.*
Is there segregation of duties between individuals approving orders and those checking goods and services received and arranging payment?		*Please explain how the organisation prevents one individual from raising an order, checking goods and services received and approving payment.*
How does your organisation ensure that requests received to change supplier bank account details are genuine?		*Are requests for changes to bank details or contact details checked directly with a trusted contact at the supplier?*
Does your organisation use company credit cards or purchase cards?		*If so, please explain how these are managed:* ✓ *the purpose for which they are used;* ✓ *controls in place to prevent misuses.*
Do you keep invoices for all purchases for at least 3 years?		*Explain financial retention schedule.*
Do you have qualified finance people who are employed within your organisation?		*Please explain their roles and responsibilities and give details of the qualifications that they hold.*
Do you have a detailed budget for the coming year?		*Insert budget forecast for yyyy.*
Is your annual budget allocated to monthly spend?		
Do you report on actual v budget at least quarterly – if so to who?		
Does your organisation still make payments by cheque?		*If yes is there an approved bank mandate for cheque signatures?* *Is access to blank cheques restricted?*

Are cheque books stubs retained for 10 years? Or electronic payment records retained for 10 years? (QuickBooks, SAGE or on-line Bank Account payments and transactions)?		*Explain financial retention schedule.*
Do you have a maximum limit for cash purchases, if so, what is it?		
Are bank account reconciliations undertaken regularly and are discrepancies or queries investigated in a timely manner to conclusion?		*If yes are these independently checked?*
Do you have a fixed asset register? And it is reviewed (how often and by whom)?		*Insert asset register. Please provide details of independent reconciliations and physical verification checks.*
Do you perform a quarterly stock take? (evidence)		
Cash Transactions are high risk and should be discouraged. Do you seek to reduce cash transactions?		
Income		
Do you have debt recovery procedures in place?		*Please provide evidence.*
Is there a formal process for approving debt write offs?		*If yes please provide evidence, including details of who is authorised to write off debt, how this approval is evidenced and whether the Board (or Audit Committee where applicable) receives regular reports of write offs.*
Is the receipt date and name of payee for all incoming funds recorded and verified by two persons?		
Do you bank cash with 3 days of receipt?		
Do you rotate income receipting staff every quarter?		

Appendix K2 - Governance Checklist ALOs under 1m

If you sell tickets – are they pre numbered and reconciliations made of income to tickets?		
Is a record kept of who holds and distributes which tickets?		
Is cash kept in a secure environment?		
Is income banked gross – i.e. without petty cash deductions?		
Where the organisation receives a significant proportion of income in cash, what controls are in place to ensure cash income is banked completely and accurately?		*This may include spot checks on cash records and paying in slips, checking paying in slips against bank statements to ensure these reconcile and cash is fully accounted for.*
Do you have a policy detailing your cash and banking procedures – have all staff and board members seen it?		*Insert policy.*
Outline anti-corruption arrangements that exist within the organisation.		*Please specify arrangements for staff to make regular declarations of potential conflicts of interest e.g. if they work in high risk areas such as procurement, and how such declarations are reviewed and signed off.*
Does the organisation have any of these: Fraud Policy Statement, a Fraud Risk Strategy and a Fraud Response Plan?		*Insert details of your AML policy and Fraud Risk Policy and how these are resolved.*
Has the organisation received any allegations of fraud in the past 12 months?		*Confirm how many (number rather than details of the case which may be confidential) and whether these cases were managed in accordance with the fraud response plan or similar process.*
Does the organisation maintain a record of losses at all times? Does the record show: • the nature and gross amount (or estimate where an accurate value is unavailable) • cause of each loss		*Please provide details of your write off policy.*

• the action taken, total recoveries and date of write-off were appropriate • the annual accounts in which each loss is to be noted		
Reserves		
Does your organisation hold reserves?		
If so, what is the reserves policy?		*Please provide details.*
Is this reviewed regularly by the Board to ensure that this is in line with the organisational strategy and risk profile and agreement with sponsor department agreements (if applicable)?		
What percentage of your total turnover is your reserves?		*Please provide details of your year forecast against actual level of reserves for each year long period.*
Staff		
How many full-time equivalents do you have in your organisation?		
Does your organisation have an Employee Handbook accessible to all employees and does this include a formal Code of Conduct?		*If yes please provide details.*
Are your salary payments made with cash? If so, why?		
What controls are in place to ensure that only bona fide payments are made in relation to salaries, overtime (if applicable) and expenses?		
Do you have an expenses policy?		*Insert policy. Example of GOJ is here.*
What assurance does the Board receive that the organisation complies with employment law?		

How are annual salary increase/ pay awards agreed and approved (including performance related pay)?		
Accounting and Annual Reporting		
Do you prepare internal and statutory accounts every year?		
Are the statutory accounts prepared by a qualified accountant? What accounting framework is adopted? (e.g. FRS102)		*Who will prepare the final yyyy accounts?*
Are the accounts audited by qualified persons (not necessarily an audit firm)?		*Who will prepare the final yyyy audited accounts?*
Is the organisation aware that the Annual Accounts of those organisations which receive grant funding in excess of £75,000 from the States of Jersey are published as a report to the States Assembly?		
High quality annual reports are fundamental to effective accountability. Will the organisation be implementing the C&AG recommendations from her Good Practice Guide in the XXXX Annual Report? See C&AG best practice principles in corporate reporting (p. 44)		*Explain which recommendations will be implemented in the yyyy Annual Report and which will not. Provide rationale for non-adherence with the Good Practice Guide. Whether the yyyy report will include the overarching content C&AG would expect in terms of best practice in public reporting, namely:* *• a commentary on performance;* *• relevant accountability reports and statements (including remuneration and workforce reporting); and* *• relevant financial performance data;* *Grants Governance Checklist Page 8 of 10 Economy Whether the report will encompass a commentary on the following good practice elements:* *• strategy;* *• risks;* *• operations;*

		• governance; and *• measures of success; and* *Whether the report will meet best practice in terms of:* *• accountability;* *• transparency;* *• accessibility; and* *• understandability.* *Will your yyyy Annual Report provide greater weight to sustainability reporting in terms of climate change impact. See C&AG best practice principles in corporate reporting (p.44)*
Does the organisation produce an Accountability report? Does the report exhibit best practice as per the C&AG report? (p.37)		*Insert latest Accountability report.* *Explain which elements of best practice will be implemented in the yyyy Accountability Report and which will not. Provide rationale for non-adherence with the C&AG best practice.* *To note – when Partnership Agreements are next reviewed, a requirement for the organisation will be to have an annual report to include best practice accountability reports including a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report.*

2022 ongoing checks		
1. Final review of XXXX business plan (inc. KPIs) due by 1st January XXXX. 2. Agreed XXXX business plan with KPIs aligned to Common Strategic Priorities due by XXXX. 3. Governance checklist (this document) for 2021 due by 1st January XXXX.		*Please ensure that these dates are shared with relevant internal colleagues within your organisation Failure for the organisation to meet these deadlines will delay payment of grants.*

Appendix K2 - Governance Checklist ALOs under 1m

4. Grant Assurance Statement for XXXX grant received due on or before 31 January XXXX. 5. Draft unaudited accounts for XXXX due on or before 31 January XXXX, or soon thereafter. Once documents for 1-5 above have been received, the invoice as per Schedule can be submitted. The assessment of need by XXXX officials must be carried out in sufficient time to enable the. relevant Minister or Accountable Officer approving the grant to be provided with the results of assessments. Organisations are reminded that the standard payment terms are 30days and invoices that are sent to government should reflect this. 6. Quarter 1 XXXX financial report due on or before 30 April XXXX. 7. Quarter 2 XXXX financial and operational report due on or before 31 July XXXX. A half-year assessment of operational and financial performance of the organisation. This should focus on the aims and priorities of the organisation and how these are being met, whether the standards set by the government have been met, other key performance measures and targets and (where applicable) disclosure of future Arm's Length Organisation's planning initiatives and how they are likely to impact upon the achievement of the Common Strategic Priorities. 8. Final Audited accounts and (where applicable) associated ISA 260 report for XXXX due on or before 31 July XXXX or soon thereafter. 9. Quarter 3 XXXX financial report due on or before 31 October XXXX. 10. Draft review of XXXX business plan and KPIs due by 1st December XXXX.		

Government officer involved in developing policy with the organisation:

Appendix K2 - Governance Checklist ALOs under 1m

Government officer tasked with monitoring the relationship with the organisation:

The Office of the Chief Executive confirm that the Accountable Officer shall not be a member of any Arm's Length Organisation Board (if applicable) or decision-making forum within an Arm's Length Organisation or other organisations who receive a grant from the Sponsor department. This reduces the conflict of interest between those representatives of the Government of Jersey involved in decision making and Arm's Length Organisation/other organisations performance management. Government of Jersey would though expect a member of a sponsor's department to be able to observe board meetings.

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Organisation confirmation and sign-off

To be completed by a Trustee / Director to state that this document (Parts 1-3) is a true reflection of the governance and control processes that are in place in the organisation.

Organisation: ……

Signed: ………………………………………………………………… Date: …………………………………………………………………

Name: …………………………………………………………………

Capacity: ………

Grant Sum Requested …….

Appendix L - Leases

Leases

Introduction and background

This section provides guidance on leased assets, hire purchase contracts, sale and leaseback transactions and any other similar arrangements (together “lease transactions”) that the States of Jersey may enter into and it applies to all States Bodies as defined in the Public Finances Law. Some leases are economically equivalent to financing and should be treated as such. The section addresses how the States of Jersey may enter into lease arrangements, the procedures to be followed before entering into a lease contract and accountability in relation to leases.

Guidance on how lease contracts should be accounted for and disclosed within each States Body’s and the States of Jersey’s annual financial statements is covered in the Jersey Finance Reporting Manual issued under the Public Finances Manual, which is based on the UK Treasury Financial Reporting Manual and is periodically updated for changes in UK endorsed International Financial Reporting Standards as adapted for the Public Sector in Jersey. . States Bodies contemplating such arrangements should consult with Treasury and Exchequer.

The Jersey Financial Reporting Manual defines a lease as “a contract between a lessor and a lessee for the hire of a specific asset”. The States of Jersey currently acts in the capacity of a lessor or a lessee for a variety of specific assets.

Users of this section should refer to other sections of the Public Finances Manual that are relevant, including:

- assets
- financing
- expenditure
- lending
- major projects

In addition to the common risks identified in the background and introduction section of the manual a number of significant risks relating to this section include:

In addition to the common risks identified in the background and introduction section of the manual a number of significant risks relating to this section include:

- leases may be entered into without appropriate approval
- leases may be entered into that result in the States or Government of Jersey’s aggregate borrowing or lending limits being exceeded
- the length of the lease term as well as other clauses within it might mean that it does not represent the best value for money for the States or Government of Jersey. Such lease arrangements may be entered into based upon attractive terms, but these may become increasingly onerous over the period of the contract.”
- lease agreements may be entered into which carry penalties and clauses which might have negative long-term implications for the States or Government of Jersey

Appendix L - Leases

- leases may not be accounted for in accordance with the Jersey Financial Reporting Manual standards
- lease agreements may be inadequately documented
- there is an increase in credit risks due to ineffective customer due diligence

Principles

1. Adequate assessment should be carried out prior to entering any leases arrangement to ensure that such arrangements represent best value for money compared to other options. In assessing leases against other options, consideration should also be given to which option allows the States of Jersey to better share or transfer risk; in particular in the case of technology, the risk of obsolescence.

2. Leases should be properly approved and documented. They must be accounted for in accordance with the Jersey Financial Reporting Manual.

3. Finance Leases should be included within the States of Jersey's financing and lending limits. Although legally finance leases are not borrowing they count towards the limits set in both the Public Finances Law for financing approved by the Minister and those set by the States Assembly in the Government Plan.

4. There should be proper means of monitoring and controlling leases in accordance with the requirements of this section, the Jersey Financial Reporting Manual and States Bodies' policies or procedures in relation to leases, if any.

5. The terms of all lease agreements should be clearly assessed and documented to ensure that they do not lead to losses or poor value for money which could have been avoided by the States of Jersey.

Requirements

1. Name on lease

All leases which relate to immovable property must legally be in the name of the Public of the Island or in the case of Specified Organisations, the company itself. Leases relating to property are governed by separate arrangements within Standing Orders.

2. Further guidance

In situations where the States of Jersey acts as lessee or lessor for lease transactions (excluding operating leases), the requirements are the same as those covered by the borrowing and lending provisions of the Public Finances (Jersey) Law 2019. Therefore, reference must be made to the following sections for further guidance:

- financing
- lending

3. Approval from States Treasurer

Appendix L - Leases

All lease transactions (excluding operating leases) as defined in the Jersey Financial Reporting Manual, regardless of limit, must be referred to the States Treasurer for approval. The Treasurer, in turn, must seek advice from the Law Officers' Department.

4. Financial appraisal

States Bodies must carry out a full financial appraisal before authorisation is sought regarding any potential leasing arrangement. This should include consideration of penalty clauses and their potential impact on the overall commerciality of the transaction.

5. Leasing costs

All costs of leases must be met by the States Body on whose behalf the lease is obtained, and should include all associated and incidental costs including potential penalties. The cost of leases must be accurately reflected in the appropriate States Body's financial statements.

6. Reporting by the Minister

Lease transactions must be included in the six monthly update report of the Minister for Treasury and Resources to the States Assembly on financing and other matters.

7. Documentation

For all leases, the Accountable Officer must be able to provide documentation which indicates that:

- the leasing agreements entered into are competitive
- the cost and terms relating to the leasing are comparative with the outright funding option
- the benefits (tangible and intangible) of using this leasing route outweigh the outright purchase route

Where approval by the Treasurer of the States is required sufficient documentation must be provided to the Treasurer , in order to allow for proper assessment and consideration of the full cost before making a decision to approve or reject the proposal.

8. Provision of contracts to Treasury and Exchequer

Copies of all signed lease contracts to which the Public of the Island, States of Jersey or Minister as a corporation sole are party to, must be forwarded by the relevant Accountable Officer to Treasury and Exchequer.

9. Reporting – Accountable Officers

Accountable Officers must report lease arrangements for both capacities of lessor and lessee in a form specified by Treasury and Exchequer.

10. Concessionary leases of property

Where a lease of States property is agreed at less than market value, approval of the relevant Accountable Officer (or an officer formally delegated in the Accountable Officer's Scheme of Delegation) must be documented. The Accountable Officer (or delegated officer) must consider and document whether the reasons for agreeing a concessionary charge are justifiable in light of the Accountable Officer’s statutory obligations for ensuring that the resources of the States Body are used economically, efficiently and effectively.