

# Treasury and Exchequer Ministerial Decision Report



## AMENDMENTS TO PUBLIC FINANCES MANUAL – FEBRUARY 2022

### 1. Purpose of Report

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

### 2. Background

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

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

The amendments will be notified by letter to the Public Accounts Committee and will be effective from 1<sup>st</sup> March 2022.

Main section	Sub-section	Intro/ Principles/ Requirements	Para(s)	Description of change	Reason for change
Assets	Assets	Requirements	1	Change "seek approval from the Minister for Treasury and Resources (or delegate) for the retention and use of the proceeds of asset disposals where these exceed £5,000" to "seek approval from the Treasurer of the States for the retention and use of the proceeds of asset disposals where these exceed £5,000".	T&R Ministerial approval is no longer specifically required under the Public Finances (Jersey) Law 2019.
Expenditure	Changes to head of expenditure	Requirements	7	Delete "Where the net proceeds exceed £100,000, the Accountable Officer (or delegate) must gain the approval of the Minister for Treasury and Resources to use the net proceeds. The reasoning must be fully documented so the Minister can reach a decision."	T&R Ministerial approval is no longer specifically required under the Public Finances (Jersey) Law 2019.

<p>Risk and audit</p>	<p>Gifts and hospitality</p>		<p>New Section of the Manual (see attached). This section is to be inserted in Contents under the Risk and audit heading and after Internal audit insert the heading “Acceptance of Gifts and hospitality”.</p> <p>Insert the words in the attached document – Acceptance of Gifts and hospitality after the section on “Internal audit” and specifically after the wording “Internal and External Audit functions should be kept separate to avoid conflicts of interest, and possible threat to objectivity or independence.”</p> <p style="text-align: center;"><b>See Appendix 1</b></p>	<p>New section dealing with the Acceptance of Gifts and Hospitality – to align with existing requirements on the intranet.</p>
<p>Background and Introduction</p>	<p>Amendments to the PFM</p>		<p>After the words “Financial Governance team drafts amendment or new section. New or amended section(s)” insert the words “(excluding items to be added as Supporting documents)”.</p> <p>After the words “Amended draft sent to the” insert the words “Risk and Audit Committee”,</p> <p>After the words “New or amended section published”. Insert the following words “The Treasurer of the States, or his delegate, may decide that the consultation process is shortened such that reviewees receive new or amended sections at the same time. Should this happen no group would suffer a reduced consultation period. Supporting documents can be added (or amended) to the Manual with the agreement of the Group Director of Strategic Finance or their delegate. Minor amendments which</p>	<p>To improve the approval process for amendments to the PFM</p>

				<p>do not affect the meaning and content of the Manual are not subject to the above review process. Any such amendments will be agreed by the Group Director of Strategic Finance and published.”</p> <p>Under the heading Rolling review of the Public Finances Manual amend the reference to the Director of Risk and Audit to the Group Director of Strategic Finance.</p>	
Assets	Third party assets			<p>New Section of the Manual (see attached). This Section to be inserted in Contents under the Assets heading and under the second word Assets and before Leases insert the heading “Third Party Assets”.</p> <p>Insert the words in the attached document – Third Party Assets after the section on “Assets” and specifically after the wording “seek approval from the States Treasurer for new stock or inventory accounts, or increases in levels of stocks over £50,000.”</p> <p style="text-align: center;"><b>See Appendix 2</b></p>	New section providing information on managing Third Party Assets.
Income	Internal recharges			<p>New Section of the Manual (see attached). To be inserted in Contents under the Income heading and under the word Income and before Trading Operations insert the heading “Internal Recharges”.</p> <p>Insert the words in the attached document – Internal Recharges after the section on “Income” and specifically after the wording “that all excess receipts over and above the authorised limits as defined in the relevant Schemes of Delegation are surrendered to the Reserve, unless the Minister for Treasury and Resources agrees that</p>	New section covering recharging for services between States Bodies

				<p>additional income can be used.” In the above sentence after the words Minister for Treasury and Resources add the words and brackets “(or delegate)”</p> <p style="text-align: center;"><b>See Appendix 3</b></p>	
Expenditure	Expenditure to meet an emergency			<p>New Section of the Manual (see attached). To be inserted in Contents under the Expenditure heading and under the words “Special Payments” insert the heading “Expenditure to meet an Emergency”.</p> <p>Insert the words in the attached document – Expenditure to meet an emergency after the section on “Special Payments” and specifically after the wording “This ability must not be used to circumvent other processes, for example small business purchases that would otherwise be made through Supply Jersey or by purchase card.”</p> <p style="text-align: center;"><b>See Appendix 4</b></p>	<p>New Section covering procedures to be followed for expenditure required to deal with an emergency as defined in the Public Finances (Jersey) Law 2019.</p>
Expenditure	Covid-19 related expenditure			<p>New Section of the Manual (see attached). To be inserted in Contents under the Expenditure heading and under the newly inserted words “Expenditure to meet an Emergency” insert the heading “Covid-19 related expenditure”.</p> <p>Insert the words in the attached document – “Covid-19 related Expenditure” after the section on “Expenditure to meet an Emergency” and specifically after the wording “The Minister must report to the States Assembly at six monthly intervals regarding any approvals given to withdraw additional funding from the Consolidated Fund.</p>	<p>New Section covering procedures to be followed for “Covid-19 related expenditure.”</p>

				<b>See Appendix 5</b>	
Expenditure	Arm's Length Organisations	Introduction and background		<p>After the words "It provides guidance" add the words "and requirements" ".                      Replace the paragraph which starts "For the purposes of this section, the definition of an 'Arm's Length Organisation' is an organisation" with the following paragraph                      "For the purposes of this section, the definition of an "Arm's Length Organisation" is an organisation substantially funded, or economically dependent on, the Government and or States of Jersey, which fulfills a role or function the Government or States of Jersey would otherwise perform and is bound by a written agreement that governs the relationship."</p> <p>At the end of the sentence which finishes "funding from the States of Jersey of less than £75,000 per year." add a new paragraph which says "For guidance purposes the following organisations fall into the definition of an Arm's Length Organisation for the purposes of the Public Finances Manual. The list may be amended from time to time by the Minister for Treasury and Resources."</p> <ul style="list-style-type: none"> <li>• Digital Jersey</li> <li>• Bureau des Îles Anglo-Normandes</li> <li>• Visit Jersey Limited</li> <li>• Jersey Sport</li> <li>• Jersey Arts Trust</li> <li>• Jersey Arts Centre Association</li> <li>• Jersey Opera House</li> <li>• Jersey Heritage Trust</li> <li>• Jersey Product Promotion Limited</li> <li>• Channel Islands Brussels Office</li> <li>• Government of Jersey London Office</li> </ul>	Clarification

				<ul style="list-style-type: none"> <li>• Jersey Employment Trust</li> <li>• Jersey Finance Limited</li> <li>• Jersey Business Limited</li> <li>• Jersey Advisory and Conciliation Service</li> <li>• Jersey Battle of Flowers</li> <li>• Super League Triathlon</li> <li>• Association of Jersey Charities</li> <li>• Royal Jersey Agricultural and Horticultural Society</li> <li>• Jersey Rugby Football Club</li> <li>• Jersey Consumer Council</li> <li>• Jersey Citizens Advice Bureau</li> </ul> <p>In the paragraph which commences “Accountable Officers of sponsor departments (i.e. the Government department ..” remove the word “primary” from the sentence.</p> <p>In the bullet point which reads “Arm’s Length Organisation service priorities” add “s” after the word Organisation.</p>	
Expenditure	Arm’s Length Organisations	Requirements	3	<p>In the second paragraph after the words “The six monthly and annual assessments must be carried out in sufficient time to enable the relevant” remove the word “Minister” and add the wording “Accountable Officer” and then remove the wording “(or Accountable Officer in the case of a non-Ministerial Department)”.</p> <p>In the bullet point which commences “annual assessment, that each relevant ..” amend the word “expect” to “expected”.</p> <p>In the sentence which starts “Does the Arm’s Length Organisation perform a technical function” change</p>	Clarification

				<p>the word “needs” to “requires”.</p> <p>After the words “.. provided with the results of the assessments.” Insert the words “Where the Accountable Officer has concerns;” and replace capital “T” of the word these with a lower case “t.”</p> <p>Remove the words “considered by that” and replace with “brought to the attention of the relevant” and after the word “Minister” add the words (for Government departments) or Treasurer (for non-Ministerial departments) and discussed prior to the Accountable Officer”.</p> <p>After the words “deciding whether the” insert the word “next” and after the word grant insert the word “payment”.</p>	
Expenditure	Arm’s Length Organisations	Requirements	4	<p>After the words “performance management.” Insert the sentence “Agreements must be considered at least annually and either revised or confirmed.”</p>	Clarification
Expenditure	Expenditure and procurement	Introduction and background		<p>After the bullet point which says, “Procurement Best Practice Procedures Toolkit” add the words “(within Supporting documents)”.</p> <p>In the bullet Point which starts “In addition to the common risks identified in the Background and Introduction section of the Manual, a number of significant risks” add the words “associated with the goods, work and /or services being procured” and remove the words “relating to this section”.</p> <p>Amend the bullet point which starts “the States or Government of Jersey does not demonstrate ...” to read</p>	Clarification

				<p>“the States or Government of Jersey does not demonstrate sufficient adherence to International Agreements related to Procurement and expenditure that the States or Government of Jersey is party to or compliance to our anti-corruption practices.”</p> <p>After the bullet point which says “contract terms and conditions do not provide adequate protection to the States or Government of Jersey” add the following bullet points –</p> <ul style="list-style-type: none"><li>• Service and performance targets are not adequately defined</li><li>• There is an inconsistent application of controls and performance management of suppliers across the States and Government of Jersey”</li></ul> <p>After the bullet point which says “expenditure is incorrectly recorded” insert the following paragraph “Breaches and Exemptions relating to Expenditure and Procurement must be approved by the Group Director, Commercial Services or delegate (using the on-line Breaches/Exemption process or alternatively where this option is not available copies are available in the Supporting documents section). For clarity where this section stipulates “must” then the instruction must be followed unless an exemption has been approved by the Group Director, Commercial Services (or delegate). If a mandatory requirement has not been followed, and an exemption was not obtained in advance, then a breach must be formally recorded and noted by the Group Director, Commercial Services. Where the word “should” is used, it is</p>	
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				expected that this approach is taken. In the latter instances, departments must record and retain evidence where an alternative approach is taken but there is no need to formally record a breach.”	
Expenditure	Expenditure and procurement	Requirements	3	Change heading to “Procurement system” Amend the start of the section to read “The approved Government of Jersey procurement system must be used to manage purchasing of goods, works and services ..”	Clarification
Expenditure	Expenditure and procurement	Requirements	4	After the words “payment is made” add the words “as well as” and remove the words “There must be” and “between raising orders and approving payment of the relevant invoice.”	Clarification
Expenditure	Expenditure and procurement	Requirements	6	Add the word “finance” after the word any.	Clarification
Expenditure	Expenditure and procurement	Requirements	7	After the words “In the case of contractual arrangements where the obligation to pay extends beyond the end of the current Government Plan period, other than” add the words “contractual staff expenditure”.	Clarification
Expenditure	Expenditure and procurement	Requirements	After 17	After requirement no 17 which reads “All purchases of assets for more than £10,000 must be accounted for as capital and the asset added to the asset register” add the following <b>18. Sufficient budget to commit expenditure</b> Before any commitment is entered into to incur expenditure Accountable Officers must ensure they have sufficient assurance of expenditure approvals to be able to meet those commitments (additional expenditure can be funded via additional income where relevant approvals have been granted). This	Clarification and further advice on procedures to be followed before committing expenditure

				<p>assurance can take one or more of the following forms:</p> <ul style="list-style-type: none"><li>• Flexibility to reprioritize/make savings within an existing approved head of expenditure. Accountable Officers must ensure that reprioritization/savings meet the regularity test i.e. that the new expenditure still falls within the purposes for which the States Assembly approved the expenditure and;<ul style="list-style-type: none"><li>• Where funding has <u>specifically</u> been allocated in a Government Plan for a defined purpose, any change of use will require an MD from the Minister for Treasury and Resources.</li><li>• Any other funding (i.e. "base" budget) can be reallocated within a head of expenditure <i>provided that</i> the new purpose is within the remit of the Minister/Accountable Officer/Department <i>and subject to</i> reporting requirements to Treasury and Exchequer for internal transfers as already set out in the PFM.</li></ul></li><li>• Signed decision of the Minister for Treasury and Resources or Treasurer of the States to allocate additional funding;</li><li>• Letter of comfort from the Minister for Treasury and Resources or Treasurer of the States confirming that additional funding will be allocated in that financial year should it appear that the approved head of expenditure will be exceeded.</li></ul>	
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				<p>For the avoidance of doubt, it cannot be assumed that any commitments entered without this assurance will be met by additional funding allocations by the Minister for Treasury and Resources or Treasurer of the States. If the Principal Accountable Officer or an Accountable Officer allows a head of expenditure to be exceeded without gaining sufficient assurance as to the availability of additional funding the Public Finances (Jersey) Law 2019 will have been breached by the Principal Accountable Officer/Accountable Officer, with any excess expenditure open to being identified as irregular and ultra vires by auditors. Accountable Officers must not commit expenditure beyond the current financial year without the express agreement of the Treasurer of the States except as permitted by the long-term Contractual Agreements or Pre Orders paragraphs above.</p> <p><b>19. Approved Business cases</b> Requests for additional funding over and above heads of expenditure approved in the Government Plan of more than £100,000 must be supported by a business case approved by Treasury and Exchequer unless an alternative approval method is set out in the Procedures for allocations from the Reserve published by the Minister for Treasury and Resources or otherwise agreed by the Minister.</p> <p><b>20. Recovery of departmental income</b> An Accountable Officer must ensure that heads of expenditure approved by the States and/or supplemented by the Minister for Treasury</p>	
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				<p>and Resources are not exceeded and if estimated income levels are not achieved that there is a corresponding reduction in expenditure. In exceptional circumstances and where all other funding options have been exhausted a submission may be made for funding from the Reserve head of expenditure as detailed in the Section on this.</p> <p>Use of additional income over and above that approved in a Government Plan must be authorised by the Minister of Treasury and Resources (or delegate) in line with the Public Finances (Jersey) Law 2019.”</p>	
Expenditure	Expenditure and procurement	Principles	<p>6</p> <p>After 7</p>	<p>Amend Principle 6 so that it reads “All expenditure should be approved in advance of goods, works and/or services being received utilising approved States and/or Government of Jersey systems, and payments should only be made when the supplier has been fully on-boarded and in advance of receiving the goods, works and/or service without prior approval”.</p> <p>Insert a new principle 8 “ Commitments to incur expenditure should have sufficient approvals in advance to be able to meet those commitments (except as permitted by the long-term Contractual Agreements or Pre Orders paragraphs in this section)”</p>	Clarification
Income	Fees and charges			<p>Rewrite of existing section – remove the existing section with the title Fees and charges and replace with the wording in the attached document.</p> <p align="center"><b>See Appendix 6</b></p>	Revised section including advice on the sale of old and obsolete stock

Income	Income			Rewrite of existing section – remove the existing section with the title Income and replace with the wording in the attached document.  <b>See Appendix 7</b>	Revised section including how to deal with under recovery of income
Supporting documents	Purpose of funds			Add a new document to the Supporting documents section of the Manual (see attached) – the document to be inserted under the form for Exemptions.  <b>See Appendix 8</b>	To give further information
Risk and audit	Comptroller and Auditor General			New section of the Manual (see attached) to be inserted in Contents under the Risk and audit heading and under the word Internal audit insert the heading “Comptroller and Auditor General”  Insert the words in the attached document – Comptroller and Auditor General after the section on “Internal audit” and specifically after the wording “Internal and External audit functions should be kept separate to avoid conflicts of interest, and any possible threat to objectivity or independence.”  <b>See Appendix 9</b>	New section setting out the role of the Comptroller and Auditor General and how the Manual applies to that role.

### 3. Recommendations

The Minister is recommended to approve amendments to the Public Finances Manual (PFM) and to agree that the Public Accounts Committee should be notified of the amendments and that the PFM be updated to reflect the approved amendments. The amendments to be effective from 1<sup>st</sup> March 2022. Training will be offered to officers on the amendments.

### 4. Reason for Decision

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

### 5. Resource Implications

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

Report author : Head of Financial Governance	Document date 3 February 2022
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## **Appendix 1 - Gifts and Hospitality**

### **Acceptance of gifts and hospitality**

#### 1. Introduction and background

The Government and States of Jersey place great import on the need to ensure that bribery and corruption has no part to play in the way that the Island is governed. This is evidenced in the Corruption (Jersey) Law 2006 which 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.

To support this Law this section provides guidance and requirements on how States Bodies should manage the receipt of gifts and hospitality and applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019. It applies to gifts and hospitality either given to, or offered to, any States of Jersey employee, Crown appointments and Non-ministerial officers ("States employee(s)").

Where the States or a States Body appoints a lay person on a voluntary basis to any Board or Panel they should consider including appropriate references to this Section of the Manual in the relevant terms of engagement.

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

- risk management
- fraud

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:

- that gifts or hospitality are accepted as an inducement to do or not do something
- the Government's or the States of Jersey's reputation may be compromised as a result of poor practice and weak governance arrangements
- creating a conflict of interest e.g. perceived as influencing a decision to award a contract, set policy or regulate a service
- States of Jersey employees are not protected from unwarranted criticism from not following due process, best practice guidance or adherence to principles.

More information on receiving gifts and hospitality is included in the States of Jersey Code of Conduct. Ministers and Assistant Ministers are bound by the Code of Conduct and Practice for Ministers and Assistant Ministers. Gifts or hospitality received by, or offered to, employees must be recorded on the corporate gifts and hospitality register.

## 2. Principles

1. Employees should not accept a valuable gift or money for personal reward.
2. In all cases where a gift or hospitality is offered a test of reasonableness should be applied.
3. Employees should consider, in all cases, whether the gift or hospitality offered may implicate or cause the Government or the States of Jersey or themselves reputational damage if details were in the public domain. For example this could apply to gifts or hospitality given by a supplier, potential supplier, an Arm's Length Organisation or grant funded body.
4. Multiple gifts under the specified limit for disclosure should not be used as a means to avoid making a declaration in the Register.
5. Accountable Officers should ensure that there is a regular review of Gifts and Hospitality within their States Body with any concerns declared in the Corporate Governance Statement.
6. Internal Audit should carry out a yearly review and report the outcome of that review to the Treasurer of the States.

## 3. Requirements

### 1. **Gifts and hospitality valued at £40 or more**

#### 1.1 **Declaration**

Any gift or hospitality received (or offered but declined) with a cumulative value of £40 or more, must be declared in line with States of Jersey requirements and relevant approval sought.

#### 1.2 **Advance approval of Gifts and Hospitality**

Approval prior to accepting a gift or hospitality must be secured in line with Government or States of Jersey requirements. This approach is not always appropriate as refusal to accept a gift or hospitality may be seen as discourteous (this might be the case when a gift is given in recognition of, or gratitude for, a service provided by an employee(s) in the course of their duties). In these circumstances the gift or hospitality must be declared as soon as possible after receipt.

#### 1.3 **Approval of Gifts and Hospitality**

The receipt of gifts and hospitality above the limits specified in requirement 1.1. must be approved by the Accountable Officer of the relevant department. Where Accountable Officers are the recipient of gifts or hospitality, approval must be obtained from the Treasurer of the States. Where the recipient is the Treasurer, approval must be obtained from the Principal Accountable Officer (and vice versa).

#### 1.4 **Gifts and Hospitality received by Ministers and Assistant Ministers**

Approval is not required for gifts or hospitality received by Ministers and Assistant Ministers but the Gifts and Hospitality online form must still be recorded in line with Government /

States of Jersey requirements. However, the entry will be reviewed by the Chief of Staff on behalf of the Chief Minister and a copy of the entry must be sent to the States Greffe in line with the States Assembly Code.

### 1.5 **Cash gifts**

Where a cash gift is given, for example in recognition of, or gratitude for, a service provided by an employee(s) in the course of their duties this must be paid into a suitable bank account for the general use of those providing the service (details of which can be obtained from the relevant Head of Finance Business Partnering).

## 2. **Gifts and hospitality valued at less than £40**

For the avoidance of doubt there is no requirement to record incidental and low value hospitality received such as a working lunch as part of a meeting, unless there is a risk that acceptance could be perceived as having potential reputational damage.

### 2.1 **Declaration**

Where the recipient of gifts or hospitality considers that they may implicate or cause the Government or States of Jersey or themselves reputational damage if details were in the public domain, then these must be declared even if valued at less than £40. This also applies where the offer was declined. For example this may include gifts or hospitality given by a supplier, potential supplier, an Arm's Length Organisation or grant funded body.

Where there is considered to be little or no risk of reputational damage receipts valued at less than £40 need not be declared.

### 2.2 **Approval of Gifts and Hospitality Form**

The receipt of gifts and hospitality above the limits where the recipient considers they may implicate or cause the Government or States of Jersey or themselves reputational damage if details were in the public domain must be approved by the Accountable Officer of the relevant department. Where Accountable Officers are the recipient of gifts or hospitality, approval must be obtained from the Treasurer of the States. Where the recipient is the Treasurer of the States, approval must be obtained from the Principal Accountable Officer (and vice versa).

### 2.3 **Cash gifts**

Where a cash gift is given for example in recognition of, or gratitude for, a service provided by an employee(s) in the course of their duties this must be paid into a suitable bank account for the general use of those providing the service. (Details of which can be obtained from the relevant Head of Finance Business Partnering).



## **Appendix 2 - Third Party Assets**

### Third-party assets

#### Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and to Accountable Officers and officers involved in administering and managing third party assets (referred to as Trust assets in the Public Finances (Jersey) Law 2019). These assets are defined as:

- property in a legacy or bequest in favour of the States
- property held in trust for the States
- property held by the States or a States Body on behalf of a person. Property may include land, buildings, funds in a bank account of any currency (or coins and notes again in any currency) or valuables (which may include cheques, jewellery, watches, credit/debit cards, phones and other IT devices) held for an indefinite period of time
- unclaimed property that is due to or belongs to a person other than the States and that has been deposited with the States.

These third party assets do not form part of the overall States of Jersey income and expenditure and any money received should not be paid into the Consolidated Fund. Other examples of third-party assets include patient's private cash held by Health and Community Services whilst that person is receiving health care; voluntary funds such as Parent Teacher Association (PTA) funds held by Schools; and minor gifts and donations made in appreciation for services provided by employees in the course of their duties.

Within the Children, Young People, Education and Skills Department there are a number of PTAs, made up of lay people, which hold and administer funds for the benefit of a school and its pupils.

This section of the Manual does not apply to these PTAs and the funds they administer but it is recommended that the Accountable Officer ensure that these groups are made aware of the provisions of this Section and any specific departmental procedures which they should follow. This section of the Manual does not apply to any type of money held by the Viscount as an independent officeholder with statutory and court ordered functions.

In view of the diverse nature of third-party assets administered across States' departments it is not practical to provide specific requirements on all of these in this section of the Manual and, therefore, the requirements section should be supplemented with States Body specific procedures where appropriate.

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

- Accountable Officers
- cash
- banking
- foreign currency
- fraud
- income
- assets
- investments

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:

- third party assets no longer serve the purpose for which they were intended and assets are tied up and cannot be used for suitable alternate purposes
- third party assets are incorrectly recorded and lost
- assets are mismanaged and underutilised and do not provide the benefits intended by the beneficiary
- the States of Jersey may be held liable for the loss of third-party assets
- third party assets are misappropriated and used for unintended purposes
- assets left to the States or to a States Body becomes a drain on the public purse.

## Principles

1. There should be clear and documented frameworks in place for the holding of departmental specific third-party assets including property, money and other valuables which protect them from theft, misuse, and misappropriation. These frameworks should include hierarchical controls and segregation of duties and, where appropriate, procedures to ensure that third party assets are used for the purposes intended.
2. The same level of governance should be applied to the control of third-party assets as is applied to States expenditure and income.
3. The need for third party assets should be periodically reviewed to ensure that they are held for the purpose intended and that they meet a need of the Government or States of Jersey.

## Requirements

### 1. **Accountable Officers**

There must be an Accountable Officer for each third-party asset (or group of assets) who is responsible for ensuring propriety and regularity. The appointment, responsibilities and other guidelines on Accountable Officers are defined in the appropriate Accountable Officer section.

### 2. **Register of third party assets**

An Accountable officer must maintain a register of the types of third-party assets administered and managed by any person/body under the control of their designated area of responsibility.

### 3. **Bank accounts**

Before opening any new account to hold a third-party asset checks must be made to see if a suitable account already exists.

4. **Documentation of procedures**

Accountable Officers must ensure that there are documented procedures in place to cover the administration and management of assets worth over £10,000 or where they consider there is a particular risk. This documentation must, where applicable, include procedures for the return of money and valuables in defined circumstances.

Where a donation (monetary or otherwise) is given as a gift in recognition of service, or gratitude for, a service provided by an employee(s) in the course of their duties the procedures in the Acceptance of Gifts and Hospitality section of the Manual must be followed.

5. **Administration of third-party assets**

Where money or property has been left in a Will or in Trust to the States the Accountable Officer must ensure that the terms of the relevant Will or Trust are followed. If changes are required to the terms or a Will or Trust to enable funds to be put to better use advice must be sought from the Law Officers' Department.

6. **Asset Registers**

Accountable officers must ensure that, where appropriate, third-party assets are correctly and separately recorded in departmental asset registers.

7. **Insurance**

An Accountable Officer must ensure that suitable insurance arrangements are in place to cover the holding and administration of third-party assets.

8. **Monitoring and reporting on financial activity**

Although third-party assets do not form part of the States income and expenditure and are not part of the States of Jersey's Annual Financial Statement an Accountable Officer must ensure that, for amounts and assets worth over £10,000 or where there is a particular risk, appropriate periodic reports, at least annually, are prepared for each third-party asset. As a minimum these reports should look at the operation and financial performance of these areas to ensure that they are meeting their objectives. It is recommended that a pragmatic approach is taken reflecting the size and type of asset being administered. As a minimum annual accounts must be prepared for those areas where the third party asset is held to provide benefit to a group e.g. PTA funds. Again it is recommended that a pragmatic approach is taken when determining the form of such accounts and the level of audit.

9. **Investment**

The investment of any money held in any third party asset must be in line with the provisions of the Public Finances (Jersey) Law 2019 or the terms of any bequest or trust fund. The Treasurer of the States is responsible, where appropriate, for the investment of third-party financial assets in line with the relevant investment strategy. Further guidance can be found in the Investments section of the Manual.

10. **Losses**

Where any losses occur in relation to third-party asset(s) and there is a legal obligation to make good those losses, this must be funded from the head(s) of expenditure of the responsible Accountable Officer.

### **Appendix 3 - Internal Recharges**

#### **Internal Recharges**

##### Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and provides advice on the circumstances in which it is appropriate to levy an internal recharge for the provision of a service.

An internal recharge is the transfer of expenditure within the States of Jersey in relation to the provision of goods and services, i.e. a transfer of cost from the provider to the internal States of Jersey customer/user. Recharges can be made between States Bodies and also within a States Body.

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
- income
- fees and charges

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:

- internal customers are incorrectly charged
- internal recharges are introduced which have not been discussed with the recipient
- income is misallocated, understated or overstated due to ineffective recognition, monitoring and management processes
- inaccurate calculation of internal recharges leading to profits on services
- expenditure is not reviewed
- that the cost of imposing an internal recharge outweighs the benefit of imposing a charge.

##### Principles

1. Estimated income arising from internal recharges should be included in proposals for a Government Plan (see Government Plan and budgeting section).
2. Internal recharging within the States of Jersey should ensure accountability for goods and services consumed (the 'user pays' principle) whilst avoiding unnecessary bureaucracy.
3. Internal recharging should result in minimal cost to the Government and States of Jersey in terms of processing and administering transactions.
4. The standard approach for setting internal recharges should be full cost recovery. The rationale for setting internal recharges below this level should be documented.

5. Decisions on internal recharging policy should be made with the same care, and to similar standards, as those for levels of fees and charges. There should be a demonstrable value in levying internal recharges.
6. Internal recharges should be fair and equitable and the imposition or increase of an internal recharge should not be used in place of reviewing expenditure levels and is not a justifiable way of reducing costs to meet financial expenditure limits.
7. Internal recharges should be calculated on an accruals basis, including overheads, depreciation (e.g. for start-up or improvement costs) and the cost of capital. When considering increases or decreases to internal recharges a body should have proper justification as to the necessity of doing so.
8. Profits should not be made on services. The income from internal recharges should not exceed the full cost of delivering the service. Where costs of providing a service have been reduced or increased, a reassessment must be made as to whether the level of any internal recharge made is appropriate.
9. Internal Recharges should be transparent with appropriate consultation between the service provider and the receiver of the service in order that both readily understand the nature of the costs and thereby avoid surprises in the imposition of the costs. Recharges for services should be supported with an appropriate Service Level Agreement (SLA) between the two parties.
10. Internal recharges should be sustainable with the level of service and the means of recharge both well understood, predictable and realistic.
11. States Bodies should not be disadvantaged by having to meet increased external costs without being able to recover them through increasing internal recharges.
12. States Bodies should review services to ensure that where costs can rightly be recharged this happens. Appropriate documentation should be retained to support those instances where an internal recharge could have been made but hasn't been.

## Requirements

### 1. **Implementation of new internal recharges**

The imposition of any new internal recharge must not be used as a means of circumventing spending limits approved in a Government Plan. The service provider must be able to demonstrate that there is value to the organisation in levying internal recharges. No recharge can be made without the agreement of the Accountable Officer of the receiving head of expenditure or body. In the event that the charging and receiving parties are unable to agree on the introduction of a new recharge the matter must be referred to the Treasurer of the States (or appropriate delegate), who will decide upon the approach to be adopted.

### 2. **Transfer of budget to area being charged**

In instances where an internal recharge is introduced during the course of a year and the area receiving the recharge is part of a head of expenditure it may be appropriate for the charging area to transfer the relevant budget to the area to be charged for the service. Any budget transfer must follow the procedures set in the Changes to head of expenditure area of the Manual.

### 3. **Increases in internal recharges**

All increases must be notified in advance of imposition to the Accountable Officer of the receiving head of expenditure or body. Increases in excess of 2.5% must be approved by the Treasurer of the States (or their delegate). In the event that the charging and receiving parties are unable to agree an increase the matter must be referred to the Treasurer of the States, who will decide upon the approach to be adopted.

### 4. **Service Level Agreements**

Where recharges are made between heads of expenditure, Accountable Officers must ensure that an appropriate (reflecting the type and level of recharge) Service Level Agreement (SLA) is drawn up between the parties involved. SLAs must be reviewed at intervals to be agreed between the parties involved.

## Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and provides advice on the circumstances in which it is appropriate to levy an internal recharge for the provision of a service.

An internal recharge is the transfer of expenditure within the States of Jersey in relation to the provision of goods and services, i.e. a transfer of cost from the provider to the internal States of Jersey customer/user. Recharges can be made between States Bodies and also within a States Body.

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- inaccurate calculation of internal recharges leading to profits on services
- expenditure is not reviewed
- that the cost of imposing an internal recharge outweighs the benefit of imposing a charge.

## Principles

13. Estimated income arising from internal recharges should be included in proposals for a Government Plan (see Government Plan and budgeting section).
14. Internal recharging within the States of Jersey should ensure accountability for goods and services consumed (the 'user pays' principle) whilst avoiding unnecessary bureaucracy.
15. Internal recharging should result in minimal cost to the Government and States of Jersey in terms of processing and administering transactions.
16. The standard approach for setting internal recharges should be full cost recovery. The rationale for setting internal recharges below this level should be documented.
17. Decisions on internal recharging policy should be made with the same care, and to similar standards, as those for levels of fees and charges. There should be a demonstrable value in levying internal recharges.
18. Internal recharges should be fair and equitable and the imposition or increase of an internal recharge should not be used in place of reviewing expenditure levels and is not a justifiable way of reducing costs to meet financial expenditure limits.
19. Internal recharges should be calculated on an accruals basis, including overheads, depreciation (e.g. for start-up or improvement costs) and the cost of capital. When considering increases or decreases to internal recharges a body should have proper justification as to the necessity of doing so.
20. Profits should not be made on services. The income from internal recharges should not exceed the full cost of delivering the service. Where costs of providing a service have been reduced or increased, a reassessment must be made as to whether the level of any internal recharge made is appropriate.
21. Internal Recharges should be transparent with appropriate consultation between the service provider and the receiver of the service in order that both readily understand the nature of the costs and thereby avoid surprises in the imposition of the costs. Recharges for services should be supported with an appropriate Service Level Agreement (SLA) between the two parties.
22. Internal recharges should be sustainable with the level of service and the means of recharge both well understood, predictable and realistic.
23. States Bodies should not be disadvantaged by having to meet increased external costs without being able to recover them through increasing internal recharges.

24. States Bodies should review services to ensure that where costs can rightly be recharged this happens. Appropriate documentation should be retained to support those instances where an internal recharge could have been made but hasn't been.

## Requirements

### 5. **Implementation of new internal recharges**

The imposition of any new internal recharge must not be used as a means of circumventing spending limits approved in a Government Plan. The service provider must be able to demonstrate that there is value to the organisation in levying internal recharges. No recharge can be made without the agreement of the Accountable Officer of the receiving head of expenditure or body. In the event that the charging and receiving parties are unable to agree on the introduction of a new recharge the matter must be referred to the Treasurer of the States (or appropriate delegate), who will decide upon the approach to be adopted.

### 6. **Transfer of budget to area being charged**

In instances where an internal recharge is introduced during the course of a year and the area receiving the recharge is part of a head of expenditure it may be appropriate for the charging area to transfer the relevant budget to the area to be charged for the service. Any budget transfer must follow the procedures set in the Changes to head of expenditure area of the Manual.

### 7. **Increases in internal recharges**

All increases must be notified in advance of imposition to the Accountable Officer of the receiving head of expenditure or body. Increases in excess of 2.5% must be approved by the Treasurer of the States (or their delegate). In the event that the charging and receiving parties are unable to agree an increase the matter must be referred to the Treasurer of the States, who will decide upon the approach to be adopted.

### 8. **Service Level Agreements**

Where recharges are made between heads of expenditure, Accountable Officers must ensure that an appropriate (reflecting the type and level of recharge) Service Level Agreement (SLA) is drawn up between the parties involved. SLAs must be reviewed at intervals to be agreed between the parties involved.

## **Appendix 4 - Emergency Expenditure**

### **Expenditure to meet an Emergency**

#### 1. Introduction and background

This section provides advice on the procedures to be followed if an emergency as defined in the Public Finances (Jersey) Law 2019 arises and immediate funding is required. This guidance applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019.

General provisions relating to emergencies are set out in the Emergency Powers and Planning (Jersey) Law 1990. That Law contains arrangements relating to the Emergencies Council and Competent Authorities Ministers.

For the purposes of financial decisions, the definition of what constitutes an emergency is established in Article 24(2) of the Public Finances (Jersey) Law 2019 as:

- the declaration of a state of emergency under the Emergency Powers and Planning (Jersey) Law 1990; or
- if the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health and safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment.

The Public Finances (Jersey) Law 2019 sets out the responsibilities for the Minister for Treasury and Resources in relation to funding for any emergency which meets either of these terms.

The initial presumption is that any additional expenditure arising will be met from existing heads of expenditure, including centrally held reserves, approved in a Government Plan.

The Law also enables the Minister for Treasury and Resources (the Minister) to authorise the withdrawal of further funds from the Consolidated Fund if the emergency situation requires immediate funding and the Minister is satisfied that there is insufficient money in existing heads of expenditure to fund the emergency. If the amount is £100 million or more an amendment to the approved Government Plan must be progressed.

Should it be necessary for the Minister to approve the withdrawal of additional funds from the Consolidated Fund, the Minister must present a notice of the withdrawal to the States Assembly as soon as practical. Furthermore, the Minister must ensure that details of these withdrawals are included in the 6 monthly financial update report presented to the States.

The Minister for Treasury and Resources will review all other funding and financing options to meet the costs of an emergency and will where necessary take other funding options forward to the States Assembly.

Users of this section should refer to other sections of the Manual that may be relevant. Specifically, this includes:

- Accountable Officers
- expenditure



- risk management
- changes to heads of expenditure
- 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:

- expenditure is not properly authorised and may exceed the amount set aside for the emergency
- expenditure is considered irregular i.e. not spent for the purposes intended
- expenditure may not offer the best value to the States of Jersey
- the States of Jersey's reputation may be compromised as a result of not being able to function if an emergency was to arise and if funding was not made available when required
- expenditure is incorrectly recorded

## 2. Principles

1. In the first instance arrangements should be in place to deal with an emergency whilst also endeavouring to ensure that routine service delivery is maintained as far as is practically possible.
2. The Chief Minister, Minister for Treasury and Resources, the States Chief Executive and the Treasurer of the States should be notified by the person identifying the potential emergency as soon as there is a possibility that there is an "emergency" situation (as defined in Article 24 of the Public Finances (Jersey) Law 2019 and set out in the Background and introduction to this section above) which requires additional funding so that the relevant emergency protocols can be brought into play.
3. Initially Accountable Officers should look to meet funding associated with an emergency, as defined in this Section, from within existing heads of expenditure.
4. Any additional funding allocated to meet the costs of an emergency should only be used for the purpose it was allocated for.
5. When considering an expenditure proposal to meet an emergency alternative approaches to delivering services to meet the emergency should as far as possible be considered. Accountable Officers should also be mindful of the risks they are responsible for managing and ensure they are adequately addressed.
6. All additional funding to meet emergency expenditure should be appropriately considered, authorised and then reported on.
7. Emergency expenditure should be incurred in lines with the relevant Schemes of Delegation.
8. Accountable Officers should be aware that their Accountable Officer responsibilities apply to all expenditure, including that related to emergency expenditure, and that they are responsible for ensuring value for money at the same time as needing to ensure that the emergency situation is addressed appropriately.

## 3. Requirements

### 1. **Review of funding sources**

If an emergency situation arises Accountable Officers supported by their Heads of Finance Business Partnering and the appropriate member of staff from Treasury and Exchequer must, as much as is practicable in the situation, undertake a review of existing heads of expenditure and other sources of funding to identify what funds may be available to meet the estimated cost of any emergency.

### 2. **Request for additional funding**

In instances where Accountable Officers require additional funding to meet costs associated with an emergency (as declared under the terms of Article 24(2) of the Law), a written business case\* must be made with evidence that this is supported by the affected Minister(s), **prior to incurring any expenditure**, to the Minister for Treasury and Resources detailing –

- the nature of the expenditure, the reason it has arisen and the implications if it is not funded:
- why they believe that the proposed expenditure is relevant to:

- a state of emergency declared under the Emergency Powers and Planning (Jersey) Law 1990; or
  - an immediate threat to the health and safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment.
- if the pressure is likely to be recurring;
  - why the request cannot be absorbed within the Accountable Officer's current head(s) of expenditure;
  - details of when the funding is required and sensitivity analysis around the values required, together with any assumptions;
  - an evaluation of major risks;

Where appropriate, supporting documentary evidence must be provided.

\* Depending on the urgency of the expenditure the Treasurer of the States has the discretion to waive the need for a written business case and/or the level of detail provided before approval to spend is given. If this authority is given the relevant information must be provided as soon as practical thereafter.

### 3. **Consideration for request for urgent funding**

In considering whether to approve requests to fund expenditure related to the emergency the Minister and Treasurer of the States (or any delegate) will take the following factors into consideration:

- whether expenditure is genuinely urgent and essential
- decisions of the Emergencies Council Competent Authorities Ministers and the Council of Ministers, where appropriate
- whether the application followed procedures and enclosed all relevant documents
- whether existing funding sources have been adequately considered
- whether authority to spend already exists.

### 4. **Response to request for funding**

The Minister or Treasurer of the States, (if given delegated authority by the Minister) or their delegate will provide a written indicative response to any funding request as soon as practicable. (If necessary, an initial indication will be given within one working day). If necessary (and time permits), additional information may be requested.

### 5. **Expenditure and unspent funds**

Additional funding allocated to meet the costs of an emergency must only be used for the purpose for which it was approved. Treasury and Exchequer will provide details on how and when funding will be released. Accountable Officers must provide monthly updates on the use of such funds to the Treasurer of the States.

### 6. **Delegation**

The Minister for Treasury and Resources may delegate authority to approve expenditure relating to the emergency to the Treasurer of the States. This delegation should only occur if there is genuine urgency in the public interest and postponing expenditure would:

- cause other damage or public detriment
- cause additional wasteful expenditure
- lose efficiency savings

Any expenditure authorised under this delegated authority must be notified to the States Assembly in the appropriate six monthly report.

### 7. **Reporting**

All funding decisions in relation to the emergency made by the Minister must be documented by public Ministerial Decision subject to the normal Freedom of Information restrictions.

The Minister must report to the States Assembly at six monthly intervals regarding any approvals given to withdraw additional funding from the Consolidated Fund.

## **Appendix 5 - Covid 9 Expenditure**

### **Covid-19 related expenditure**

#### 1. Introduction and background

Although Covid-19 has presented the States and Government of Jersey with unprecedented challenges, it is vitally important that the normal rigours of financial management and control are maintained for expenditure related to this matter. As part of the Government Plan process the States Assembly has approved a specific annual head of expenditure for Covid-19 related expenditure which is sub-divided into specific areas. The Principal Accountable Officer appoints individual Accountable Officers for each specific area.

Further funding is also held in Reserve for Covid-19 related purposes.

Covid-19 related spending remains subject to the usual rules that relate to all other expenditure, whether this is incurred by using third-party suppliers, making grants or by any other means.

This section of the Public Finances Manual relates primarily to the regularity requirements imposed upon Accountable Officers, i.e. to ensure that expenditure is incurred for the purposes that it was approved by the States Assembly. The procedures for granting additional funding for Covid-19 related purposes from Reserve is set in the Minister's Procedures for Allocations from Reserve. Users of this section should also refer to other sections of the Manual that are relevant. Specifically this includes:

- Principal Accountable Officer
- Accountable Officers in Government Departments
- Accountable Officers in Non-Ministerial States Bodies
- Heads of Finance Business Partnering
- Consulting Treasury and Exchequer
- Expenditure and procurement
- Reserve head of expenditure
- Arm's Length Organisations
- Grants and sponsorships
- Special Payments
- Risk Management
- Fraud.

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:

- expenditure may be committed for which no expenditure approval exists
- expenditure may be incurred for purposes other than those approved by the States Assembly or the Minister for Treasury and Resources
- accountability arrangements for expenditure are not clear
- Accountable Officers and Heads of Finance Business Partnering are not clear what is expected of them
- the Minister for Treasury and Resources and Treasurer of the States do not have sufficient information to fulfil their statutory roles in upholding the Public Finances (Jersey) Law 2019.

#### 2. Principles

1. Covid-19 related expenditure should be subject to the same level of financial control and rigour as any other expenditure incurred by the States or Government of Jersey.

2. Whilst maintaining financial control, funding the response to the effects of Covid-19 should be agile and not unduly delay putting agreed actions into effect.
3. Expenditure allocated to address the effects of Covid-19 by the States Assembly or that allocated from Reserves by the Minister for Treasury and Resources for Covid-19 purposes should only be used for the purposes allocated.
4. Accountable Officers, Heads of Finance Business Partnering and budget holders should be very clear what is expected of them when committing and incurring Covid-19 related expenditure.
5. All expenditure should be appropriately authorised, recorded, and coded.
6. The Minister for Treasury and Resources and Treasurer of the States should be in possession of sufficient information on the financial position relating to Covid-19 to be able to fulfil their statutory roles in upholding the Public Finances (Jersey) Law 2019.

### 3. Requirements

Those who have Accountable Officer responsibility for the individual elements of the specific head of expenditure for Covid-19 related expenditure must follow requirements 1-12.

The Treasurer of the States is accountable for monies held in the Reserve. If funding is allocated from the Reserve for Covid-19 purposes accountability moves with the funding and the relevant Accountable Officer must follow requirements set in 13-16 below.

#### **Procedures for allocations within the Covid-19 head of expenditure**

##### **1. Accountable Officer responsibilities**

An Accountable Officer with responsibility for a specific part of a Covid-19 head of expenditure must ensure that the financial control and governance arrangements for this expenditure follows the normal processes within their department.

##### **2. Variations to allocations**

The amount allocated to each Accountable Officer may be:

- increased by an allocation from Reserve; and/or
- increased by the reallocation of funding within the Covid-19 head of expenditure; and/or
- reduced by a subsequent letter from the Principal Accountable Officer on the advice of the Treasurer of the States that an approved allocation for Covid-19 purposes has been lowered.

##### **3. Chart of accounts**

Accountable Officers must ensure that they account separately for each specific area of Covid-19 related expenditure.

##### **4. Coding of expenditure**

Accountable Officers must ensure that only expenditure directly related to the purpose set out in their Accountable Officer appointment letter is recorded as Covid-19 expenditure. The approved expenditure allocation is not available for other purposes. Accountable Officers must ensure that systems are in place so that expenditure and funding can be monitored and reported on.

##### **5. Prompt recording of expenditure**

Accountable Officers must ensure that Covid-19 expenditure is promptly and correctly recorded – within a month of being incurred.

##### **6. Budget monitoring and forecasting**

Accountable Officers must ensure that they receive information at least monthly to assess whether the amount allocated for Covid-19 purposes remains appropriate.

##### **7. Informing the Treasurer of the States**

Following receipt of the monthly updates on Covid-19 related expenditure, Accountable Officers must write to the Treasurer of the States as soon as is possible to advise if either:

- the amount allocated is likely to be insufficient; or
- any or all of the amount allocated is likely not to be required.

## 8. Treasurer of the States to advise Accountable Officers

If an Accountable Officer has advised the Treasurer of the States that allocated approvals are likely to be insufficient, the Treasurer of the States must write to the Accountable Officer, as soon as possible, either to advise:

- that a business case for additional funding must be prepared, which will then be reviewed by the Investment Appraisal Team prior to making a recommendation to the Minister for Treasury and Resources; or
- that additional funding will not be made available and that planned expenditure should be reduced or met from other resources at the disposal of the Accountable Officer.

## 9. Funding no longer required

If an Accountable Officer has advised the Treasurer of the States that any, or all, of the amount allocated for Covid-19 purposes will not to be required, the Treasurer of the States must, as soon as practicable, advise the Principal Accountable Officer of this fact. The Principal Accountable Officer (or delegate) must write, as soon as possible, but within one month of receiving such advice, to the Accountable Officer notifying them of the reduced allocation which they are accountable for.

## 10. Checking regularity of expenditure

The Chief Internal Auditor must carry out sufficient checks, on a regular basis, to verify that funding allocated for Covid-19 purposes is being used for that purpose. Transfers must be made to address any miscoding.

## 11. Reallocation within Covid-19 head of expenditure by the Minister for Treasury and Resources

Following appropriate consultation with Accountable Officers and the Treasurer of the States the Minister for Treasury and Resources can, by public Ministerial Decision, reallocate amounts within the Covid-19 head of expenditure between the indicative areas shown in the Government Plan if they are satisfied that:

- the amount for one area is likely to be insufficient: and
- the amount for another area is likely to be more than is required.

## 12. Reporting of expenditure from the Covid-19 Head of Expenditure

Details of expenditure incurred from the Covid-19 Head of Expenditure must be included as part of the Minister for Treasury and Resources 6 monthly financial update report presented to the States Assembly.

## **“Other” Covid-19 expenditure requiring funding from Reserve**

### 13. Informing the Treasurer of the States

Accountable Officers must notify the Treasurer of the States immediately of any actual or prospective Covid-19 related expenditure in their area of responsibility that:

- does not fall within one of the Covid-19 related purposes funded in the Government Plan; and
- cannot be met from other expenditure approvals.

### 14. Other Covid-19 expenditure – Treasurer of the States to advise Accountable Officer

If the Treasurer of the States receives information under 13 above, they must, as soon as possible, advise the Accountable Officer concerned whether:

- they should prepare a business case for the additional funding requested. The business case must be reviewed by the Investment Appraisal Team prior to a recommendation being made to the Minister for Treasury and Resources as to whether additional funding from Reserves should be approved.; or
- the Accountable Officer should reduce planned expenditure elsewhere to meet the expenditure.

Accountable Officers must ensure that Requirement 18 of Section - Expenditure and procurement is followed. This states that before any commitment to incur expenditure is entered an Accountable Officer must ensure they have either sufficient funding within existing funding allocations, or an assurance from the Minister for Treasury and Resources or Treasurer that funding will be approved to meet that commitment.

15. **“Other” Covid-19 related expenditure – Funding from Reserve – approval**

The Treasurer of the States must ensure that the procedures set in the Minister’s Procedures for allocations from the Reserve are followed for any allocation for Covid-19 related purposes.

16. **“Other” Covid-19 related expenditure – Funding from Reserve – Accountable Officer responsibility**

Accountable Officers must ensure that the procedures set in 3-10 of this section are followed for allocations from Reserve for Covid-19 related matters.

There may be instances where it is not possible or feasible to set up new business units for funding allocated from Reserve for Covid-19 related purposes but Accountable Officers must ensure that that expenditure and funding can be monitored and reported on in line with these requirements.

## **Appendix 6- Fees and Charges**

### **Fees and charges**

#### **1. Introduction and background**

This section applies to all States Bodies defined in the Public Finances (Jersey) Law, 2019 and addresses how these Bodies can effectively introduce new charges for services that have not been previously made and make adjustments to existing charges in line with the States of Jersey's requirements. The fees and charges covered by this section are not those relating to Tax, Impôts duties, Goods and Services Tax, Stamp Duty, Social Security contribution nor fines and penalties.

All new "user pays" charges (which exclude leases, rentals and sales/charges based on a commercial basis) must be approved by the States Assembly in accordance with P.63/2003 - States Approval for new "User Pays" charges.

Leases, rental, and similar charges should be levied at the market rate. A States Body should seek legal advice prior to agreeing fees of a commercially sensitive nature which will not be disclosed.

The States approved Anti-Inflationary Strategy (P.125/2000 refers) specifies that all increases in States' charges in excess of 2.5% must be approved by the Minister for Treasury and Resources, unless already approved by the States Assembly.

Fees and charges should be calculated on an accruals basis, including overheads, depreciation (e.g. for start-up or improvement costs) and the cost of capital. Some costs associated with a service may be incurred by another States Body and, in these instances, it is important that there is discussion with the relevant Head of Finance Business Partnering at an early stage.

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

- expenditure
- income
- Government Plan

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:

- charges could be made which are "ultra vires" or illegal
- inaccurate calculation of fees and charges leading to profits (which is, in some circumstances, ultra vires)
- expenditure is not reviewed
- services to specific groups of users being subsidised which may be contrary to agreed public policy
- loss of value to the States or Government of Jersey due to inappropriate levels of subsidy on fees and charges
- increased fees and charges could be detrimental to the States' Strategic Priorities where the fees and charges influence activities or behaviours contrary to intended Strategic Priorities
- fees and charges are subsidised on discretionary services provided in competition with the private sector

## 2. Principles

1. Plans for the significant changes to/introduction of new fees and charges should, where practicable, be included in proposals for the Government Plan.
2. The levying of fees and charges should ensure accountability for goods and services consumed (the 'user pays' principle) whilst avoiding unnecessary bureaucracy and should result in minimal cost in terms of processing and administering transactions.
3. A profit should not be made on the costs of providing a service.
4. Where a service is provided in competition with the private sector, a proper assessment of the level of competition, market rates and potential risks associated with the service should be undertaken and effort should be made to mitigate such risks and derive an appropriate level of income from the services.
5. Charges should not normally be made for services which are delivered to the population as a whole and which the public can not choose whether to use. They should only be considered where they benefit a specific group or where a fee/charge would drive the behaviour of users ("user pays").
6. Where a States Body intends to significantly increase an existing charge or introduce a new one, the potential recipients should, as far as possible, be consulted if practical to do so.
7. States Bodies should not be disadvantaged by having to meet increased external costs of services without being able to recover them through increasing charges (where charging is appropriate).
8. An increase in charges to external customers should not be dismissed simply because the increases would also fall on internal customers. Where an increase occurs outside of the Government Plan process, it may be appropriate for the charging States Body to transfer sufficient budget to the paying States Body to meet the increase in charges. Any budget transfer must follow the procedures set in the Changes to Head of Expenditure area of the Manual.
9. A States Body should have robust systems in place for controlling stock for resale. It is recognised that there may be circumstances where it is appropriate for old/obsolete stock to be sold at a loss rather than it being written off
10. A States Body should have proper justification for introducing fees and charges.

## 3 Requirements

### 1. **Approval of new "user pays" charges**

All new "user pays" charges (excluding leases, rentals and sales/charges based on a commercial basis) must be approved by the States Assembly.

### 2. **Mechanism to approve fees and charges**

Before introducing a new fee/charge Accountable Officers must check to establish if there is an existing mechanism for levying that fee/charge:

- statutory powers may exist which enable fees and charges to be levied for a service to either cover costs or to make a profit. If necessary, advice should be sought from the Law Officers' Department where uncertainty exists.
- If the service is of a commercial nature e.g. a customer relationship in the ordinary sense of the word then charges can be made and commercially. For example, States owned land may be leased out at a market rate; children's parties held in Fort Regent may be charged at what the market will bear; retail sales such as the sale of sports equipment from Sports Centres may be sold at a profit.

Fees and charges can be levied outside of these areas but where new ones are considered appropriate advice must be secured from the Law Officers' Department.



**3. Increase in fees/charges in excess of 2.5%**

An Accountable Officer must ensure that approval of the relevant Minister and the Minister for Treasury and Resources is gained for all annual increases in excess of 2.5% (except where leases and rentals are made at market rate or where sales/charges are based on a commercial basis).

Fees and charges specifically included in the first year of an approved Government Plan or previously approved by the States Assembly are deemed to have received the above approvals. Treasury and Exchequer may be consulted in the case of any query.

**4. Increases in fees/charges of less than 2.5%**

Annual increases in fees and charges which are 2.5% or less must be approved by the increasing States Body's Minister – where there is no Minister the Minister for Treasury and Resources should be consulted prior to any increase.

**5. Basis for fees and charges**

The standard approach for setting new fees and charges for public services must be full cost recovery (including overheads such as depreciation). Where full costs are not recovered an Accountable Officer must ensure that there is a formal decision setting out either an agreed plan to achieve full cost recovery within a reasonable time period or decision to charge less than full cost.

Exceptions to the standard approach include but are not limited to the following:

- subsidised services: Examples are where a subsidy is provided to a third sector organisation to enable that organisation to function properly and not be a financial burden on the States of Jersey, discounts to support vulnerable groups i.e. those over or under a certain age. Decisions of this nature must be documented and periodically reviewed and reconsidered
- discretionary services provided in competition with the private sector: where a commercial rate is normally charged. In determining such rates, consideration should be given to the level of competition, the market prices of competitors and the potential risks to the States of Jersey
- regulatory services where a licence fee is often set to recover associated costs such as supervision by a regulator
- legal services costs where the imposition of full costs is likely to inappropriately limit access to justice.

**6. Review**

From the Government Plan 2023-2026 preparation process an Accountable Officer must ensure that there is an appropriate review of the necessity and appropriateness of offering a service which is charged for#. The review must document the Department's policy on the appropriate fees or charges and whether to charge at a uniform rate for all varieties of a service or having different categories of service costing different amounts to provide.

**7. Transfer of budget to area being charged**

In instances where a new fee or charge is introduced during the course of a year and this affects another States Body's head of expenditure it may be appropriate for the charging area to transfer the relevant budget to the area to be charged for the service. Any budget transfer must follow the procedures set in the Changes to Head of Expenditure area of the Manual which includes needing approval from the Minister for Treasury and Resources following consultation with the relevant Minister(s) concerned. All proposed budget transfers must be laid before the States Assembly for four weeks before they can be actioned.

Where there is any dispute about the level of funding to be transferred this must be referred to the Treasurer of the States, who will decide upon the approach to be adopted.

**8. Goods and Services Tax (GST)**

GST must be correctly charged on fees and charges and remitted to Treasury and Exchequer to the set deadlines.



## Income

### 4. Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and provides advice on the efficient and effective collection, recording and, where applicable, recovery of income realised from fees, charges, and retail sales and from the States Trading Operations. Income from taxes and duties and Social Security contributions and any other similar sources is not covered by this section.

The Treasury and Exchequer's Shared Services Centre provides an income collection and debt

Management service which should

d be used by Government and States of Jersey departments. Responsibility for the identification of income receivable lies with the relevant States Body and includes responsibility for ensuring compliance with any statutory authority. On an exceptional basis Departments may have their own income collection service but these must have been approved by the Head of Shared Services Centre.

Details of the services provided by the Shared Services Centre are found in the Centre's Order to Cash and Debt Policies. The Shared Services Centre is responsible for the raising of invoices and collection of income, including debt recovery and accounting for internal and external transactions. They are also responsible for banking policy, that appropriate safeguards are in place and that income is accounted for completely and accurately in a timely manner.

The Customer and Local Services Department provides customer facing cashier services including the receipt and safekeeping of cash.

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

- Banking
- government plan and budgeting
- cash
- expenditure
- losses and write-offs
- fees and charges

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:

- income is not collected or banked
- customers are incorrectly charged leading to reputational damage to the States and/or Government or loss of income
- income generating activities are set at the wrong price levels leading to losses to the States, unfair competition with the private sector or excessive profits
- income is misallocated, understated, or overstated due to ineffective recognition, monitoring, and management processes.

### 5. Principles

1. An adequate framework should be established for the effective collection, recording and recovery of income due to a States Body.
2. Where the administration of a specific type of income is addressed in any Law, such income should be administered in line with the requirements of that Law.

3. All income due to the Government and States should be promptly collected and banked.
4. When considering legal action to recover income due, the costs of that action should be considered against the income which is likely to be collected. Where appropriate, legal advice should be sought.

## 6. Requirements

### 1. **Income collection process**

Accountable Officers are responsible for ensuring that their States Body either uses the income collection service provided by the Treasury and Exchequer's Shared Services Centre or that they maintain an income collection process within their States Body which has been approved by the Head of Shared Services Centre. The service must identify and promote the most efficient and economic methods of income collection e.g. the use of bank transfers over cheque/cash payments.

### 2. **Scheme of Delegation**

Regardless of the income collection process used an Accountable Officer must ensure that roles and responsibilities relating to income are clearly set out in the Scheme of Delegation. This must include the ability to authorise write-offs of income due where all other channels of collection have been considered.

### 3. **Documentation**

An Accountable Officer must ensure that there is appropriate documentation, which may include manuals, guidelines, and other relevant instructions, within their area of operation for the identification and collection of all income for which the States Body is entitled.

### 4. **Segregation of duties**

To be effective the accounting system for the collection of income must build in strict segregation of duties.

Where the Treasury and Exchequer's Shared Services Centre provides the income collection and debt management services to a States Body the Treasurer of the States must ensure that the required segregation of duties are in place.

In those instances where it is not possible for segregation of duties there must be alternative management controls to ensure income is properly and fully accounted for.

### 5. **Policy for recovery of overdue accounts**

All invoices raised by the Treasury and Exchequer's Shared Services Centre will also use their debt management service. An Accountable Officer must ensure that they use this debt management service or have in place departmental policies to cover the recoverability of overdue accounts receivable and undertake aged analysis of overdue accounts at regular intervals. Consideration must also be given to the requirements of the Losses and write offs section of the Public Finances Manual when income is irrecoverable.

### 6. **Internal controls**

An Accountable Officer must ensure that there is a regular review of the performance of internal controls to ensure that the correct amount of income is recognised and recorded

### 7. **Debt Write-off**

An Accountable Officer must ensure that appropriate actions are taken before debt is written off. Any write-offs must be in line with the relevant scheme of delegation. The requirements set in the Losses and Write-offs section of the Manual must also be followed.

### 8. **Under-recovery of income**

An Accountable Officer must ensure that heads of expenditure approved by the States Assembly are not exceeded and if estimated income levels are not achieved that there is either a corresponding reduction in expenditure or a submission is made for funding from the Reserve head of expenditure as detailed in the Section on this.

9. **Use of additional income**

In instances where a States Body can generate income in excess of the sum approved in a Government Plan and wishes to make use of all or any of this sum the Accountable Office must ensure that the prior relevant approval, in line with the Manual's section on Changes to heads of expenditure has been gained.

10. **Monitoring and management of income**

In relation to the monitoring and management of income, Accountable Officers\* must ensure:

- that the States Body has a system for reconciling collections to the receipts records and investigating any notable differences. Similarly, a policy must be agreed regarding differences in daily cash collected and the total daily receipts. Proper physical security of cash and receipt books must be observed at all times
- that a monthly reconciliation of income recorded against the amount budgeted is carried out to ensure the proper forecasting of income
- that variances identified during reconciliations of income to budget are investigated and measures put in place to review reasons for variations.

\*This role will be carried out the Treasurer of the States for those States Bodies which use the services offered by the Treasury and Exchequer's Shared Services Centre.

11. **Goods and Services Tax – GST**

GST must be charged and collected in line with the relevant legislation and paid over to Treasury and Exchequer as appropriate.

**Appendix 8 – Purpose Of States Funds**

States Fund	Purpose	Approval process
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<p><b>Consolidated Fund</b></p>	<p>The Consolidated Fund is the main States Fund. It can be classed as the States' current account as it is the Fund through which the majority of States income is received and out of which the majority of States expenditure is paid.</p>	<p>The States Assembly approves annual income and expenditure from the Fund via the Government Plan under the provisions of the Public Finances (Jersey) Law 2019.</p>
<p><b>Strategic Reserve Fund (also informally referred to as the "States' Rainy Day" Fund)</b></p>	<p>The Strategic Reserve is embedded as a permanent Reserve Fund in the Public Finances (Jersey) Law 2019 and is akin to the States "longer term savings account". The policy for the Reserve agreed by the States is that it should only be used:</p> <ul style="list-style-type: none"> <li>• in exceptional circumstances to insulate the Island's economy from severe structural decline (such as the sudden collapse of a major Island industry) or from major natural disaster (P.133/2006 refers);</li> <li>• if necessary, for the purposes of providing up to £100 million for a Bank Depositors Compensation Scheme (P.84/2009).</li> </ul>	<p>The States Assembly approves withdrawals from and transfers into the Strategic Reserve Fund. This approval is given either as part of the debate on a Government Plan (lodged by the Council of Ministers) or via a Report and Proposition lodged by the Minister for Treasury and Resources.</p> <p>Money cannot be directly spent from the Strategic Reserve Fund it must be withdrawn from the Fund and transferred into another States Fund.</p>
<p><b>Stabilisation Fund</b></p>	<p>The Stabilisation Fund is established under the Public Finances (Jersey) Law 2019. The States policy for the Stabilisation Fund is that money held in the Fund is there to assist in making Jersey's fiscal policy more countercyclical to create a more stable economic environment. It is intended that the Fund receives cash allocations in more buoyant economic conditions and withdrawals are made at times of anticipated economic downturn (P.133/2006).</p>	<p>The States Assembly approves withdrawals from and transfers into the Stabilisation Fund. This approval is only given as part of the debate on a Government Plan or via a Report and Proposition lodged by the Minister for Treasury and Resources.</p> <p>Money cannot be directly spent from this Fund it must be withdrawn from the Fund and transferred into another States Fund.</p>

**PURPOSE OF OTHER STATES FUNDS**

States Fund	Purpose	Approval process
<b>Currency Fund</b>	<p>This Fund is established under the Currency Notes (Jersey) Law 1959 for the purpose of providing financial backing for the States of Jersey's local currency (including notes and coins).</p> <p>The Fund holds assets that match the value of Jersey currency notes and coinage in circulation, such that the holder of Jersey currency could be repaid on request. The Fund also meets the costs of administering, producing, and issuing Jersey's own notes and coins.</p>	<p>The Minister for Treasury and Resources can approve a transfer –</p> <ul style="list-style-type: none"> <li>• from the Currency Fund to the Consolidated Fund if there is a surplus in the Currency Fund after provision has been made for currency in issue.</li> <li>• from the Consolidated Fund to the Currency Fund if the amount in the Currency Fund is insufficient to meet the repayment of currency in issue.</li> </ul>
<b>Insurance Fund</b>	<p>Established under the terms of the Public Finances (Jersey) Law 2019, the Fund facilitates the provision and administration of mutual insurance arrangements for States bodies and other bodies who participate in the States insurance arrangements.</p> <p>Full details on the Fund are available in R.111/2019.</p>	<p>The States Assembly approves withdrawals from and transfers into the Insurance Fund as part of the debate on a Government Plan.</p> <p>The Minister for Treasury and Resources can transfer amounts from the Insurance Fund to the Consolidated Fund if the former Fund has a surplus over and above that required to meet insurance needs.</p>
<b>States Trading Operation - Jersey Car Parking Trading Fund</b>	<p>Fund established under the terms of the Public Finances (Jersey) Law 2019 and set up for Jersey Car Parking (which has responsibility for the administration, management, financing, development and maintenance of public car parking places that are within the remit of the Minister for Infrastructure) out of which capital and other similar cost are met.</p>	<p>The States Assembly approves expenditure from and transfers into the Fund via the Government Plan.</p>
<b>States Trading Operation - Jersey Fleet Management Trading Fund</b>	<p>Fund established under the terms of the Public Finances (Jersey) Law 2019 and set up for Jersey Fleet Management (which has responsibility for the acquisition, maintenance, servicing, fuelling and garaging and disposal of vehicles and mobile plant on behalf of the States of Jersey) out of which capital and other similar costs are met.</p>	<p>The States Assembly approves expenditure from and transfers into the Fund via the Government Plan.</p>
<b>Agricultural Loans Fund</b>	<p>Fund established under the Agriculture (Loans and Guarantees) (Jersey) Regulations 1974. The Fund's purpose was to provide loans to individuals engaged in work of an agricultural nature in Jersey for the purpose of furthering their agricultural business. Approval of new loans to farmers has been suspended.</p>	<p>The States Assembly approves transfers from/to this Fund as part of the Government Plan approval process.</p>

<p><b>Tourism Development Fund</b></p>	<p>Established under P.170/2001 to replace the Tourism Investment Fund, this Fund supports grants to the tourism industry to improve Jersey's competitiveness and sustain the industry as an important pillar of the economy.</p>	<p>The States Assembly approves transfers from/to this Fund as part of the Government Plan approval process.</p>
<p><b>Channel Islands Lottery (Jersey) Fund</b></p>	<p>This Fund is established under the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, with its purpose to receive the income and meet expenses associated with Jersey's share of holding public lotteries in the Channel Islands (draws can be held in Jersey or Guernsey). Withdrawals from the Fund can be made for such purposes of public benefit as the States decide on a report and proposition from the Minister for Economic Development, Tourism, Sport and Culture.</p>	<p>The States Assembly can approve withdrawals from this Fund at any time on a Report and Proposition from the Minister for Economic Development, Tourism, Sport and Culture.</p>
<p><b>Jersey Innovation Fund</b></p>	<p>The Fund was established under P.124/2012 to enable investments in private and public sector projects to be made to drive greater innovation in Jersey and improve competitive advantage. Responsibility for approving these investments lies with the Minister for Economic Development, Tourism, Sport and Culture.</p>	<p>Transfers from/to this Fund can be made as part of the Government Plan approval process.</p>
<p><b>Housing Development Fund</b></p>	<p>The Fund is established by the States approval of P.74/99 and P.84/99 and enables the provision of financial support to assist in meeting the Island's requirements for the development of social rented and first-time buyer homes by providing development and interest subsidies. Responsibility for approving the financial support lies with the Minister for Treasury and Resources.</p>	<p>Transfers from/to this Fund can be made as part of the Government Plan approval process.</p>
<p><b>Dwelling Houses Loans Fund</b></p>	<p>Fund established under the Building Loans (Jersey) Law 1950 to enable residentially qualified first-time buyers to purchase their first home.</p>	<p>The States can agree transfers from this Fund on a Report and Proposition or as part of the Government Plan process.</p>
<p><b>Assisted House Purchase Scheme</b></p>	<p>Fund established in 1977 the purpose of which is to aid the recruitment of staff from the UK, by facilitating the purchase of suitable properties by the States on behalf of the employee. New loans are no longer approved,</p>	<p>Transfers from/to this Fund can be made as part of the Government Plan approval process.</p>
<p><b>99-year leaseholders account</b></p>	<p>Established under the powers of the Building Loans (Jersey) Law 1950. The Fund enabled loans to be made to individuals offering leaseholder property as security at the time that there was no share transfer or flying freehold legislation. Following the States' approval of P.19/2021 the Fund may be used to provide loans to owners of flats at Les Quennevais for repairs to balconies.</p>	<p>Transfers from/to this Fund can be made as part of the Government Plan approval process.</p>



<p><b>Criminal Offences Confiscation Fund</b></p>	<p>This Fund is established under the Proceeds of Crime (Jersey) Law 1999. Following a conviction, property adjudged to represent the benefit or proceeds of crime is remitted to the Criminal Offences Confiscations Fund; if a third party is found not guilty, property is returned. Funds can be withdrawn to meet the costs of measures that are, in the opinion of the Minister for Treasury and Resources related to preventing/suppressing or otherwise dealing with criminal conduct.</p>	<p>Money can be withdrawn from this Fund by the Minister for Treasury and Resources (who should consult with the Attorney General and any other person the Minister considers appropriate).</p>
<p><b>Civil Assets Recovery Fund</b></p>	<p>This Fund (CARF) is established under the Civil Asset Recovery (International Co-operation) (Jersey) Law 2007 and is managed by the Minister for Treasury and Resources. This Fund holds amounts confiscated by the Viscount if a civil asset recovery order has been registered in the Royal Court or from funds gained through an asset sharing agreement.</p>	<p>At the end of each financial year the Minister shall pay any money in the CARF which is not required to meet Jersey's obligations under any asset sharing agreement or costs in discharging functions under the main legislation into the Consolidated Fund. In extenuating circumstances, a transfer may be made from the Fund to the Consolidated Fund outside of this process.</p>
<p><b>Jersey Reclaim Fund</b></p>	<p>The Fund was established in 2018 under the Dormant Bank Accounts (Jersey) Law 2017 and receives money related to dormant bank accounts as defined in that Law. Dormant bank accounts are classified as those where no instructions have been received from the customer for a period of at least 15 years. Funds (loans or grants) are available for charitable and other related purposes in the local community, including meeting the costs of the Commissioner for Charities.</p>	<p>An Order from the Minister for External Relations (who must have consulted with the Minister for Treasury and Resources) sets the policies and procedures which must be followed to allow distributions to be made from the Fund.</p>
<p><b>Hospital Construction Fund</b></p>	<p>This Fund was established by the States Assembly in 2018 to facilitate the construction and fitting out and associated costs of the preferred scheme for the Jersey General Hospital Project. The States decision to reverse the approval of this project means that this Fund will be wound up once the final costs of the preferred scheme have been met.</p>	<p>Only costs and payments approved by the States for the preferred Jersey General Hospital are met through this Fund.</p>
<p><b>Climate Emergency Fund</b></p>	<p>The Fund was established in 2020 as part of the Government Plan debate. The purpose of the Fund is to support initiatives that respond to the climate emergency, as declared in P.27/2019, and initiatives that reduce carbon emissions and other pollutants, in line with adopted future plans or strategies for, inter alia, energy use and management, carbon reduction, sustainable transport approved by the States Assembly.</p>	<p>Transfers from/to this Fund must be approved by the States Assembly as part of the annual Government Plan approval process. Annual expenditure and Income proposals are also approved as part of the Government Plan approval process.</p>
<p><b>Fiscal Stimulus Fund</b></p>	<p>The Fiscal Stimulus Fund was approved by the States Assembly in November 2020. Its purpose is to support the Island's recovery from the impact of</p>	<p>The Minister for Treasury and Resources is responsible for approving allocations from this Fund based on pre-set criteria.</p>

	COVID-19 by funding projects which will stimulate the economy.	
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## **Appendix 9 – Risk and Audit**

### **Office of the Comptroller and Auditor General**

#### Introduction and background

This section applies to the Office of the Comptroller and Auditor General, which is designated as a Non-Ministerial States Body in the Public Finances (Jersey) Law 2019 (the Law).

Funding for the Office of the Comptroller and Auditor General is provided by the States Assembly through approval of the Government Plan and the Office has its own Head of Expenditure.

The role of the Comptroller and Auditor General (C&AG) is created under the Comptroller and Auditor General (Jersey) Law 2014. Under this Law the Comptroller and Auditor General is required to provide the States with independent assurance that the public finances of Jersey are being regulated, controlled and supervised in accordance with the Public Finances (Jersey) Law 2019. This responsibility relates to the accounts of the States of Jersey and certain other States' entities and wider aspects of the use of public funds. The Comptroller and Auditor General has a duty to consider and report on -

- General corporate governance arrangements;
- Economy, efficiency and effectiveness in the way resources are used; and
- the effectiveness of internal controls.

This responsibility extends to the States and to States Bodies. The Comptroller and Auditor General has a duty to ensure that the States accounts are audited and appoints external auditors to carry out this responsibility. The Comptroller and Auditor General liaises with, and attends meetings with, both the Public Accounts Committee and the States Risk and Audit Committee.

The Comptroller and Auditor General discharges their functions through the Jersey Audit Office.

The Office of the Comptroller and Auditor General recognises the importance of the control and governance arrangements in the Public Finances Manual, but due to the unique nature of its work has developed policies and procedures of its own which may differ from those in the Public Finances Manual.

The following statutory requirements highlight the unique nature of the Office of the Comptroller and Auditor General and provide the rationale for treating this area differently from other States expenditure:

- the independence of the Comptroller and Auditor General in discharge of functions (Article 17(1) of the Comptroller and Auditor General (Jersey) Law 2014)
- the requirement for the States to provide sufficient resources to the Comptroller and Auditor General (Article 9(1) of the Comptroller and Auditor General (Jersey) Law 2014)
- Exemption from Internal Audit coverage (Article 9(2) of the Comptroller and Auditor General (Jersey) Law 2014)
- Duty to prepare own accounts subject to audit by an auditor appointed by the Chairman of the Public Accounts Committee (Article 19 of the Comptroller and Auditor General (Jersey) Law 2014)
- Establishment of a Board of Governors (Article 2 Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015)
- Review and commentary on estimates (Article 5(4) and (5)(5) Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015)
- Submission of amounts for inclusion in the Government Plan by Chairman of the Public Accounts Committee (Article (10) (1) Public Finances (Jersey) Law 2019).

The Requirements section lays out where the Comptroller and Auditor General complies with and differs from the arrangements set out elsewhere in the Public Finances Manual.

## Principles

1. The Comptroller and Auditor General should be committed to their Office demonstrating the highest standards of governance and financial management; and ensuring the independence of the Office, including from the States of Jersey.
2. The Office of the Comptroller and Auditor General should comply with international auditing standards and with the Lima Declaration on the independence of Supreme Audit Institutions published by the International Organisation of Supreme Audit Institutions (INTOSAI). This provides that 'Supreme Audit Institutions shall be entitled to use the funds allotted to them under a separate budget heading as they see fit'.
3. The Comptroller and Auditor General should ensure that they are not directed on how any function of the Office of the Comptroller and Auditor General is to be carried out. This includes processes and procedures laid down by Ministers or States employees. However, the Comptroller and Auditor General is legally obligated to liaise with the Public Accounts Committee when carrying out their functions, and to attend all meetings of the Public Accounts Committee.
4. The Office of the Comptroller and Auditor General should receive sufficient resources to fulfil its obligations, and the estimates put forward by the Chairman of the Public Accounts Committee must, in compliance with the Public Finances (Jersey) Law 2019, be included unaltered in the Government Plan lodged by the Council of Ministers.
5. Any amounts remaining unspent at the end of a financial year for the head of expenditure of the Office of the Comptroller and Auditor General should be transferred into the General Reserve. The Chairman of the Public Accounts Committee can request that amount be transferred back from the General Reserve to the head of expenditure of the Office of the Comptroller and Auditor General in the following financial year.

## Requirements

1. **Accountable Officer**  
Under the terms of the Public Finances (Jersey) Law 2019 the Comptroller and Auditor General is the Accountable Officer for the funds allocated to the Office of the Comptroller and Auditor General. Although the Comptroller and Auditor General is responsible for the propriety and regularity of funds allocated and that these funds are used efficiently, effectively and economically they are accountable directly to the States and not to the Public Accounts Committee.
2. **Oversight of the Office of the Comptroller and Auditor General**  
Although the internal controls and systems of the Office of the Comptroller and Auditor General are not subject to internal audit review by the chief internal auditor the Office is subject to strong governance review by a Board set up for this purpose under the Comptroller and Auditor General (Jersey) Law 2014. The Board scrutinises the use of the resources by, and the governance arrangements of, the Comptroller and Auditor General; and reports, to the Chief Minister and the Chairman of the Public Accounts Committee, any concerns it may have. The Board is also responsible for reviewing the audited accounts of the Comptroller and Auditor General and may prepare an assurance report upon the annual expenses of the Comptroller and Auditor General.

Further oversight of the Office of the Comptroller and Auditor General's work is achieved through the legal requirement that the post holder has to prepare and publish (keeping it up to date) a report - "Code of Audit Practice" - setting out how they propose to discharge their functions under the Comptroller and Auditor General (Jersey) Law 2014. A full copy of which can be found on the Jersey Audit Office's website.

3. **Compliance in full with Public Finances Manual Jersey**  
The Office of the Comptroller and Auditor General will comply in full with the following sections of the Public Finances Manual when circumstances require:
  - Heads of Finance Business Partnering
  - Assets
  - Leases
  - Foreign currency
  - Reserve head of expenditure
  - Fraud

- Expenditure to meet an Emergency
- Covid-19 expenditure approved in a Government Plan

4. **Majority Compliance with Public Finances Manual**

The Office of the Comptroller and Auditor General complies with the following sections of the Public Finances Manual with certain stated exceptions:

- Cash - the Office of the Comptroller and Auditor General has no income sources but may retain a cash float and would, if appropriate, comply with the relevant requirements of this Section except that the Scheme of Delegation (in 3.1) will only be submitted to the Treasurer of the States for information purposes and not for approval.
- Banking – the Office of the Comptroller and Auditor General has no bank account but should this change they would need to comply with the relevant requirements of this Section except that there would be no justification provided as to why any new account demonstrated value to the States or Government of Jersey (3.1) and as with the Section on Cash the Scheme of Delegation (in 3.3) would be submitted to the Treasurer of the States for information purposes only.
- Expenditure and procurement - Whilst the Comptroller and Auditor General is not bound by the expenditure provisions of the Public Finances Manual, the Comptroller and Auditor General uses States of Jersey expenditure systems and complies with the relevant expenditure controls where appropriate. The Comptroller and Auditor General has established additional expenditure procedures and controls relevant to their office. In accordance with the Comptroller and Auditor General (Board of Governance) (Jersey) Order 2015, the Board of Governance for the Comptroller and Auditor General reviews whether they have used the resources provided to them under Article 9 of the 2014 Law properly, efficiently and effectively.
- Changes to Heads of Expenditure – Full compliance apart from the second paragraph of 3.6 under and overspends of revenue budgets. Any underspend at the end of the financial year should be transferred to the General Reserve and subject to a request from the Chairman of the Public Accounts Committee be available for allocation to the Office of the Comptroller and Auditor General for the following financial year subject to approval by the Minister for Treasury and Resources. The Office of the Comptroller and Auditor General will notify the Treasurer of the States if it becomes apparent that there is likely to be an overspend in the Office's budget and relevant processes to secure additional funding as set in the Public Finances Manual will be followed.
- Special payments – Full compliance except that the Office of the Comptroller and Auditor General will notify the Treasury and Exchequer on payments which may fall into this category but the Office will not consult (as required in 3.1) with Treasury and Exchequer on how to progress such a payment.
- Annual financial statements – Separate Accounts must be prepared and audited for the Office of the Comptroller and Auditor General and these will be presented to the States Assembly. Information will be provided in the required format for inclusion in the States of Jersey's annual financial statement except with 3.2 Semi-Annual Updates - Financial reports will be provided but will not focus on "progress against objectives".
- Government Plan and budgeting – there will be compliance with this Section but there will be no consultation with peers on matters including Strategic priorities. Expenditure proposals will be submitted by the Chairman of the Public Accounts Committee so that the Office of the Comptroller and Auditor General's proposals are included as submitted in a Government Plan (and therefore not in line with 3.1).
- Losses and write offs - Full compliance except with 3.2 Consultation. The Treasury and Exchequer will be notified of any losses or write-offs but will not be consulted on how to deal with these.
- Internal Recharges.

5. **Acknowledgement and exemption from compliance with the Public Finances Manual**

The Comptroller and Auditor General acknowledges the contents of the following sections of the Manual and that they provide details on the governance structures within the States of Jersey but they do not apply to the Office of the Comptroller and Auditor General. Should the current situation change the Treasurer of the States must be contacted:

- Principal Accountable Officer

- Accountable Officers
- Accountable Officers in Specified Organisations
- Accountable Officers in Non-Ministerial States Bodies
- Consulting Treasury and Exchequer
- Arm's Length Organisations
- Major Projects
- Grants and sponsorships
- Fiscal Policy Panel
- Funds
- Financing
- Lending
- Investments
- Projects
- Trading Operations
- Jersey Overseas Aid
- Fees and charges
- Internal Audit
- Third Party assets
- Acceptance of Gifts and Hospitality