Expenses

Introduction and background

This section of the Public Finances Manual applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and it has been developed to provide clear guidelines on business expenses incurred by States of Jersey employees (Civil Servants) and contractors, in the fulfilment of their work-related responsibilities. Expenses claimed by SoJ employees are subject to public scrutiny, Freedom of Information requests and Audit reviews.

This section outlines what is and what is not an allowable expense, and it is in addition to the corporate policies and procedures which are within supporting documents and on the States of Jersey intranet (MyStates).

Employee expenses are costs incurred by those employees in the course of their duties, directly related to their job and required to get the job done. They are transactions made to support internal operations of the States of Jersey, and can either be paid for directly via a States of Jersey purchase card or reclaimed after being paid for by the employee Purchases of goods or services for work purposes are not expenses for the purpose of this section.

The following is a non-exhaustive list of the type of expenses falling within the scope of this section:

- Travel and accommodation (to include bus travel)
- Mileage
- DSE user allowance e.g. eye tests
- Gifts and hospitality offered
- Reimbursement of fees and charges
- Professional subscriptions and memberships
- Relocation allowances
- Contractually agreed allowances for certain pay groups e.g. uniformed services

Expenses can be:

- paid for directly by an individual's States of Jersey purchase card; or
- claimed through MyView; or
- claimed through petty cash (where a suitable float exists).

Users of this section should refer to other sections of the Public Finances Manual, as well as to all policies that are relevant, and also to the Codes of Practice issued by the States Employment Board. Additional guidance can be found in:

- Offering Gifts and Hospitality
- Fraud, corruption and money laundering
- Expenditure
- Accountability
- Procurement Best Practice Procedures: User Guide and Toolkit (within supporting documents)
- Business Travel Policy (within supporting documents)

Mileage allowance is payable for journeys incurred in an employee's own vehicle for official States or Government of Jersey purposes. The allowance is designed to cover vehicle expenses such as fuel, vehicle maintenance, depreciation and insurance. It does not cover parking fees and fines for road offences, or journeys between home and work.

Current mileage rates payable can be found on MyStates. Claims are made through the MyView system.

Eye tests and glasses – refunds for Display Screen Equipment (DSE) users - Current rates payable can be found on MyStates. Claims are made through the MyView system.

Travel – the Business Travel Policy is included in Supporting documents to this Manual. It relates to off-Island travel.

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks are associated with staff expenses:

- Expenses are not properly recorded and/or authorised
- Expenses are not work related (i.e. employees may be claiming for personal items at the expense of the States)
- Inappropriate use of public money
- Expenses don't represent best value for money or are not necessary
- The Government or States of Jersey's reputation may be compromised as a result of poor practice and weak governance arrangements
- States of Jersey employees are not protected from unwarranted criticism from not following due process, best practice guidance or adherence to principles
- Employees claim for expenses that have not yet been incurred
- Multiple expenses are claimed together and therefore it is not possible to review them individually and/or they are difficult to query or dispute and may result in inaccurate financial information
- Mileage claims include journeys to or from an employee's home
- Expense claims are used to process procurement of goods or services.

Principles

1. All expenses should only be incurred if they are necessary, reasonable and appropriate in the circumstances, taking into consideration safety, practicality and efficiency.
2. Expenses (including subsistence) while travelling should not be claimed if they would not be claimable for a normal business day in Jersey. Off-Island Travel must be booked through the States of Jersey corporate travel provider.
3. Where possible, public transport should be used where it is available and the most effective means of travel. There may be circumstances where this is not practical, e.g. speed, safety, more than one person travelling together.
4. The person approving the expense should ensure that all claims are correct, reasonable and in accordance with the relevant policy.
5. All employees should ensure and be able to demonstrate that any expenses claimed represent best value for money.
6. Expense claims should be submitted as near to the date of expenditure as possible and should not be delayed without a valid reason.
7. Accountable Officers should ensure that all staff are aware that they are responsible for the use of public money and that high standards are expected of them.

8. Owners of expense policies should ensure that all relevant documents are up to date, accurate and that they reflect any changes that have taken place within the States of Jersey.
9. Accountable Officers should follow the principles contained within this section when paying the expenses of non-employees, for example lay members of boards.

Requirements

1. **Claims**
   Regardless of method of payment, expenses must only be claimed where either:
   - they are allowable under an approved policy; or
   - they are necessary for the claimant's work duties to be carried out.

   Any claims which exceed the maximum amounts permitted under a policy (for example for eye tests and glasses) must be approved by the Accountable Officer. If not approved, any amounts paid in excess of policy limits may be required to be repaid.

   Claims must not be submitted for expenditure already charged to a States of Jersey purchase card.

   Employees are responsible and accountable for ensuring expense claims are only made for allowable items.

2. **Approval**
   Every expense claim must be authorised by the claimant's line manager (or their delegate if documented in the Scheme of Delegation). The officer approving the claim is responsible and accountable for ensuring that all expenses are necessary, reasonable and incurred within the normal pursuit of duties. Individuals must not authorise their own expenses.

   The person authorising expenses must ensure that their department has the necessary budget to cover the expense.

3. **Non-business expenses**
   All costs incurred must be work related with no private element, unless part of an approved policy. Private spending must not be claimed or reimbursed.

4. **On-Island travel and subsistence**
   Travel and subsistence expenses on-Island must only be claimed and paid where:
   - their payment has been specifically agreed as part of the terms and conditions for an employee or group of employees; or
   - they are being claimed alongside a claim for hospitality offered.

5. **Purchase of goods or services**
   Expense claims must not be used to pay for goods or services that should be ordered and paid for through Ariba (or equivalent central procurement software) or by States of Jersey purchase card. Small, incidental and urgent purchases can be made in exceptional circumstances and where essential for service delivery. An example this would be the purchase of low value teaching materials for individual meetings with children.

6. **Value for money**
Staff must seek the most practical and economical arrangements for travel, meals, hospitality and corporate expenses, as specified in the Business Travel Policy and other relevant expenses policies.

Staff must ensure that their expenses are kept to a minimum and represent value for money. An individual incurring expenses must neither accrue financial gain nor suffer financial loss from the process of incurring expenses and claiming reimbursement.

7. **Receipts**
All expense claims must be supported by original receipts and/or invoices (unless specifically approved by the relevant Accountable Officer) and a clear description indicating the exact reasons why they were incurred (please note, that "work expenses", "invoice", "annual subscription", "Amazon order", "bus ticket" is not deemed as a sufficient description). Expenses can only be reimbursed upon providing relevant documentation and supporting reasons. The individual incurring the expense is responsible for demonstrating the expense was actually incurred and providing sufficient evidence. For the avoidance of doubt, an entry on a credit card or bank statement is not normally sufficient evidence.

In submitting mileage claims, employees must attach supporting documents confirming the purpose of the journeys being undertaken, for example emails confirming meetings or explanatory notes.

8. **Submitting claims and reimbursement procedure**
Expenses must only be claimed when they have been incurred, not ahead of the purchase. All expense claims, if not paid for directly by purchase card, must be individually submitted via the MyView self-service centre within 30 days of the expenses being incurred, providing necessary documentation to avoid delayed or refused reimbursement. Expenses reclaimed through petty cash must be processed within 30 days of the expenses being incurred.
If multiple expenses are being claimed, a simple spreadsheet must be attached giving these details for all the expenses/trips.

All expenses claimed through MyView must be reimbursed through the States of Jersey payroll system, within the employee's salary payments. Reimbursement must not be made by cheque or BACS.

9. **False and incorrect claims**
It is fraudulent to claim for expenses that are not genuinely incurred whilst on business for the States or Government of Jersey. Managers (or approvers) must refer any false or incorrect claims identified to People Services and the Financial Governance Team in Treasury and Exchequer for further enquiries to be made. Alternatively, notification can be made under the Whistleblowing Policy.

Any instances of deliberate fraud are likely to be treated as a disciplinary matter.

10. **Consultant/ Contractors expenses (Consultants/ Contractors - individuals who are not employee of the States but whose expenses may be met by the Jersey taxpayer)**

Consultants must be only reimbursed for expenses agreed and specified within their contracts. Expense claims must be submitted within 30 days of the expenses being incurred, providing necessary documentation. Approved expenses will be reimbursed within 30 days following submission of the claim.

All expense claims must be supported by original receipts and/or invoices and an explanation indicating reasons why they were incurred (please note, that “work expenses”, “invoice”, “bus ticket” is not sufficient description). The individual incurring the expense is responsible for demonstrating the expense was actually incurred.

The reimbursement must be done through Ariba with the invoice provided by the consultant or their company.

11. Travel to and from home

Where a staff member claims mileage expense and travels to a location direct from home or returns home direct, the mileage must be calculated by reference to the distance from home or normal place of work, whichever is the shorter. Travelling to and from home to work must not be claimed or approved.

12. Non-qualifying expenses

A full list of items that do not qualify as approved work expenses and must not be claimed or reimbursed (unless specifically approved by an Accountable Officer), can be found within Supporting documents. These include but are not limited to:

- Stolen, lost or damaged personal property
- Subsistence on-Island when at normal work base or working to normal pattern
- Any fines for infringements of laws or regulations
- Alcohol
- Flight (travel) upgrades
- Expenses for family members
- Childcare
- Formal wear
- Personal expenses (travel to and from work, toiletries, newspapers, dry cleaning, recreational items and gift shop charges, alcohol, passport renewal costs, home internet services, doctor appointments, medical expenses)
- Birthday, Christmas, Anniversary or Leavers’ gifts
- IT equipment (laptops, iPads, mobile phones or any other devices/hardware). Please see the Expenditure and Procurement section of this Manual.

Where an expense is not referred to, please seek further guidance from the Financial Governance team within Treasury and Exchequer with supporting reasons as to why it is considered that the expense falls into scope of these guidelines and should be reimbursed.

APPENDIX B

Expense	Normally claimed via MyView	Can be paid for by purchase card	Normally a non-qualifying item	Normally paid for via Ariba	Normally booked via HRG	Exception (as per contracts of employment)
Stolen, lost or damaged personal property			x			
Company vehicle fines/ personal cars fines			x			
Flight (travel) upgrades			x			
Expenses for family members			x			
Childcare			x			
Formal wear			x			
(CID - Criminal Investigation Dept) Clothing Allowance			x			States of Jersey Police (CID)
Personal expenses:						
travel to and from work			x			
toiletries			x			
newspapers			x			
dry cleaning			x			
recreational items/ gift shop charges			x			
alcohol			x			
passport fees/ renewal costs			x			
home internet services			x			
doctor appointments (GP)			x			States of Jersey Police, Fire and Rescue Service, Prison
chiropody			x			Prison
medical expenses			x			
barber/hairstylist			x			
hotel movies, games and other discretionary charges			x			
claims for room service			x			
media subscriptions			x			
telephone (except the reasonable additional costs of calls home when travelling)			x			Fire and Rescue Service
books			x			
Birthday/ Christmas/ Anniversary/ Leavers gifts			x			
IT equipment:						
laptops			x	x		
iPads			x	x		
mobile phones			x	x		
other devices			x	x		

hardware			x	x		
Professional subscriptions	x					where allowable e.g. for trainees
Exams	x					where allowable e.g. for trainees
Stationery	x	x		x		
Essential on-Island subsistence and expenses (other than flights and accommodation, for example meals/ coffees/ tea/ bus)	x	x				
Subsistence on-Island when at normal work base or pattern			x			
Mileage allowances	x	x				
Off-Island travel expenses	x	x				
Offi-Island travel costs					x	
Missed meal breaks			x			States of Jersey Police
Office furniture			x	x		
Cutlery & Crockery			x	x		
Personal insurance			x			
Business Travel insurance					x	
Personal insurance			x			
Third party hospitality	x	x				
Fuel for company cars	x	x				
Relocation - please see the SoJ policy	x	x				
Tips (where not added to a bill)			x			
Eye tests/ glasses - please see the SoJ policy	x					
Incidental teaching and childcare resources needed at short notice	x	x				

Role of the Senior Responsible Officer

Introduction and background

Strong leadership with clear accountability is a key element of successful project delivery. This section makes it mandatory for an Accountable Officer to ensure that there is a Major/Strategic project: Senior Responsible Officer for a programme or project that has been approved, and funded as a Major project, or any project which is classed as a Strategic Project. The relevant Accountable Officer takes on this role by default where no alternate formal appointment is made. This situation must be documented.

The Accountable Officer may decide to appoint both a Sponsoring Senior Responsible Officer and a Supplying Senior Responsible Officer where the project involves both a Sponsoring and Supplying States Body. In some instances, an officer may be appointed to take on both the role of Sponsoring and Supplying Senior Responsible Officer.

This section also applies to any project estimated to cost more than £5 million or is classed as a Strategic project funded from any States Fund.

There should be a Senior Responsible Officer for other projects with clearly documented responsibilities especially in those instances where the States approve major policy initiatives which span more than one financial year. In these cases, the appointment process and responsibilities should follow the principles and requirements of this section and Corporate Portfolio Management Office procedures as appropriate.

For the purposes of this section of the Manual, the word Project covers both projects and programmes.

In the States and Government of Jersey project delivery there are three critical leadership roles:

- The Accountable Officer is accountable to the Principal Accountable Officer (excluding those Accountable Officers for the non- Ministerial departments and States of Jersey Police), the States Assembly (through the Public Accounts Committee) and for ensuring high standards of probity in the management of public funds.
- The Sponsoring Senior Responsible Officer is directly responsible to the relevant Accountable Officer (who may be the Principal Accountable Officer) for ensuring a programme or project meets its objectives, delivers the projected outcomes and realises the required benefits. The Supplying Senior Responsible Officer is responsible for the successful delivery of key aspects of the project for which the Supplying States Body take responsibility for delivering.
- The Project Director or Project Manager is responsible to a Senior Responsible Officer for the day-to-day management of the project (this role maybe either the Sponsoring; or the Supplying Senior Responsible Officer where one is appointed).

In all cases the Accountable Officer is answerable to the Public Accounts Committee for Major/Strategic projects.The Sponsoring Senior Responsible Officer has responsibility for:

- defining and communicating the vision and business objectives in line with policy
- ensuring a real business need is being addressed
- formation of a Project Board (where one does not exist) and the definition of roles and responsibilities for the project
- identification and management of the project's issues and risks
- delegated budget and benefit accountability for any project to which they are the assigned. The Sponsoring Senior Responsible Officer ensures the total project budget (including any allocations to Supplying States Bodies) is managed in accordance with the Public Finances (Jersey) Law 2019 and takes accountability for the realisation of project benefits as set out in the business case.
- complying with the Public Finances Manual and the Corporate Portfolio Management Office Project Delivery Framework (see Supporting documents)
- managing contracts and relationships with external suppliers
- assuring ongoing viability and, if necessary, taking the decision to stop the project
- engaging key stakeholders
- providing the project team with leadership, decisions and direction
- ensuring the delivered solution meets the needs of the business and the project as agreed
- assigning a suitably qualified and/or experienced Project Manager to manage the day-to-day delivery of the project
- agreeing appropriate governance structures and reporting protocols with the Accountable Officer, Corporate Portfolio Management Office and, if necessary, the Principal Accountable Officer
- providing regular steer, support, and guidance to the Project Board and support to the Accountable Officer in ensuring that Senior stakeholders are kept abreast of project progress

For those projects where a Supplying Senior Responsible Officer is appointed, they have responsibility for:

- reviewing all project documentation and completed pre-requisites and confirming acceptance of the deliverables requested from the Supplying States Body, against the budget set out
- assigning a suitably qualified and/or experienced Project Manager to manage the day-to-day delivery of the Supplying States Body aspects of the project including regular progress reporting
- confirming any revisions to the Project Board structure and/or roles and responsibilities through the delivery stage
- complying with the Public Finances Manual and the Corporate Portfolio Management Office Project Delivery Framework
- managing contracts and relationships with external suppliers, as agreed with the Sponsoring Senior Responsible Officer

- providing regular steer, support and guidance to the Project team, Project Board and Sponsoring Senior Responsible Officer
- acting as the lead liaison on behalf of the supplier(s)
- verifying feasibility of product designs and development processes
- verifying the quality of the products delivered by suppliers
- delivering the required elements of the project as set out by the Sponsoring States Body
- budget accountability for any specified budget allocation for the delivery of key aspects of the project, as agreed with the Accountable Officer /Sponsoring Senior Responsible Officer. The Supplying Senior Responsible Officer is responsible for working with the budget available. The Accountable Officer is responsible for ensuring that funding is available for the project. The Supplying Senior Responsible Officer is not responsible for the realisation of benefits associated with the project as set out in the business case
- regularly reporting on progress to the Sponsoring States Body and escalating to the Sponsoring States Body Accountable Officer or Sponsoring Senior Responsible Officer any issues requiring decision making and/or Ministerial oversight or awareness
- identifying and managing relevant project issues and risks
- complying with the Public Finances Manual and the Corporate Portfolio Management Office Project Delivery Framework (See Supporting documents)
- agreeing appropriate governance structures and reporting protocols with the Accountable Officer/Sponsoring Senior Responsible Officer and Corporate Portfolio Management Office

If a Supplying Senior Responsible Officer is not appointed the above responsibilities would be part of the Sponsoring Senior Responsible Officer's remit.

The Supplying Senior Responsible Officer role may be undertaken by the Accountable Officer of the Supplying States Body. In this case, the Accountable Officer for the Sponsoring States Body retains overall accountability for the project.

The appointment of a Sponsoring Senior Responsible Officer to a project makes that individual directly responsible to the Accountable Officer for an activity or decision which means they bear the overall responsibility for that project. This includes 'yes' or 'no' authority and veto power in the way that the project is managed, however, the Accountable Officer retains overall personal accountability and retains the right to make decisions on the Project. There may also be a Project Director or Project Manager who actually undertakes day to day management of the project: in other words, they manage the action and implementation. Responsibility for a project can be shared and the degree of responsibility will be managed by the accountable person.

The Senior Responsible Officer is usually responsible directly to the Accountable Officer but for some projects, this might be through others in the organisation's management structure, for example another senior official or sponsoring group. In all cases, there should be no doubt as to the formal relationship and reporting required between the Senior Responsible Officer(s) and the Accountable Officer; this must be clearly defined in the project initiation documentation and kept up to date.

The Senior Responsible Officer's (which may be the Sponsoring Senior Responsible Officer or Supplying Senior Responsible Officer where one is appointed) relationship with the project management organisation is through the Project Director or Project Manager. The Project Director or Project Manager can be appointed by the Accountable Officer, the Senior Responsible Officer or another senior official or sponsoring group. The Project Director or Project Manager can be a full-time role, responsible to the Senior Responsible Officer(s) for driving, on a day-to-day basis, the delivery of the project outcomes within agreed time, cost and quality constraints.

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:

- roles and responsibilities for Major/Strategic projects are not clearly identified
- Accountable Officers and other relevant individuals may not be kept fully informed of the progress of a Major/Strategic projects
- Major/Strategic projects may not be delivered on time and to the required quality and budget

Principles

1. The roles and responsibilities of Accountable Officers and where appropriate Sponsoring and Supplying Senior Responsible Officers for Major/Strategic projects should be clearly set out in writing

2. Relevant information on projects should be provided to appropriate persons at the earliest possible opportunity.

3. Projects should be managed within the financial control and governance framework set out in this Manual to achieve the desired benefits.

4. The management of projects should be continuously improved through learning lessons from project delivery.

5. Any officer who is appointed as a Senior Responsible Officer should be someone who holds a leadership position within the organisation into which the project's benefits and outcomes will be delivered.

6. It is expected that a Major/Strategic project Senior Responsible Officer(s) will attend meetings of the Public Accounts Committee with the relevant Accountable Officer.

7. Where a suitable Senior Responsible Officer cannot be found in the time available, an interim Senior Responsible Officer appointment may be necessary. This appointment should be formalised in the same way as that for a permanent appointment, recording that the appointment is interim and its expected term. Arrangements should then be put in place to appoint a permanent Senior Responsible Officer as soon as possible.

Requirements

1. Appointment of Sponsoring Senior Responsible Officer for Major/Strategic Projects

All Major and Strategic Projects where funding has been approved in a Government Plan (including those projects estimated to cost more than £5million or if classed as Strategic and funded from a States Fund) must have a Sponsoring Senior Responsible Officer appointed by the Accountable Officer who has primary accountability for the Project's Delivery. Appointment must be by letter, in which it's made clear as to who the Senior Responsible Officer is responsible to and what they are responsible for using as a basis the format included in Supporting Documents to the Public Finances Manual. The appointment must be at the earliest possible stage of the Project.

2. Appointment of Supplying Senior Responsible Officer for Major/Strategic Projects

Where it is deemed necessary for an Accountable Officer to appoint a Supplying Senior Responsible Officer for a Major/Strategic project all appointments must be by letter, in which it's made clear as to who the Supplying Senior Responsible Officer is responsible to and what they are responsible for using as a basis the format included in Supporting Documents to the Public Finances Manual. The appointment must be at the earliest possible stage of the Project.

An Accountable Officer may be appointed as a Sponsoring Senior Responsible Officer.

3. Senior Responsible Officer appointment letter

The appointment letter must set out:

- the point at which the Senior Responsible Officer becomes responsible to the Accountable Officer for the project, whether they are a Sponsoring or Supplying Senior Responsible Officer and what they are responsible for
- the tenure of the role, linked to key milestones on the project
- the extent and limit of their accountability

The appointment letter should also set out the following, if not already documented as part the existing project governance:

- the time they are expected to commit to the project
- a clear statement of the status of the project, identifying material issues and constraints
- the Senior Responsible Officer's objectives and performance criteria, covering delivery of the project, projected outcomes and required benefits
- decision powers, controls and delegated authority
- key interfaces and relationships, particularly with the business owner of the delivered project
- any expected development or other requirements of the Senior Responsible Officer

The appointment letter provides the opportunity for the Senior Responsible Officer to consider the basis on which the project has been, or is being established, and to raise any concerns with the Accountable Officer, before signing the letter to show they accept these as terms of their appointment.

Appointment letters must be reviewed at least annually, as part of objective setting, or after any significant changes to the business case, to ensure that these remain up to date. A new letter must also be issued if a new Senior Responsible Officer is appointed.

A sample letter is included in supporting documents to this Manual. This should be used as the basis for Senior Responsible Officer appointment letters.

4. Major/Strategic Projects section of the Public Finances Manual

The Senior Responsible Officer must ensure that the Major/Strategic Projects section of this Manual is fully complied with, or that exemptions are obtained, or breaches recorded where necessary.

5. Appointment of Project Director/Project Manager for Projects

All Major/Strategic projects identified and approved must have an appropriately qualified and/or suitably experienced Programme or Project Manager.

6. Responsibilities of the Senior Responsible Officer

As a minimum, the Senior Responsible Officer’s responsibilities (as set out in the letter of appointment) must include:

- clarification as to whether it is Sponsoring or Supplying Senior Responsible Officer
- the responsibilities listed above and as set out in the Project Governance Framework

7. Information on progress of a project

A Senior Responsible Officer must keep the relevant Accountable Officer informed of progress and Minister(s), or governing boards as appropriate, must be informed of any developments that could undermine the business case for the project or budget at the earliest possible opportunity.

8. Procurement

A Senior Responsible Officer must ensure compliance with the section of the Public Finances Manual on Expenditure and Procurement, including obtaining exemptions or recording breaches where necessary.

9. Business case

The Sponsoring Senior Responsible Officer must ensure that the project's business case is in line with the requirements set out in this Manual and with the standard documentation available from Treasury and Exchequer. This is likely to include a requirement to detail the options for delivery and that each option is evaluated to determine the implications on expenditure and use of resources. The business case and delivery options must be scrutinised as part of the appropriate project approvals process. The business case must outline the risks associated with the project and clearly identify the available mitigation.

10. Benefits

The Sponsoring Senior Responsible Officer must ensure that a rigorous approach is taken to benefits management; that benefits are identified; plans for the realisation of benefits are put in place and delivery of benefits is measured to demonstrate that the intended return on investment is being achieved.

11. Lessons learned

The Sponsoring Senior Responsible Officer must ensure that appropriate arrangements are put in place to capture lessons learned from the project's delivery.

Government of JERSEY

Appointment as [Sponsoring/Supplying] Senior Responsible Officer for [initiative].

Dear **[xxx]**

This letter confirms your appointment as the [**Sponsoring/Supplying]** Senior Responsible Officer (SRO) for **[initiative]** with effect from **[date]**, with an expected end date of **[date].**

As SRO, you will devote sufficient time to sponsoring the initiative, and adhering to the principles and requirements of the Public Finances Manual, remaining accountable for the initiatives successful delivery.

Your role and responsibilities as SRO are outlined in the following sections of the Public Finances Manual:

- Expenditure, Major, Strategic and other projects
- Expenditure, Role of the Senior Responsible Officer
- Framework for Major, Strategic and other projects supporting document

If you move posts before the initiative closes, you should notify me in good time of your intended departure, to enable the transfer of SRO responsibilities.

Please sign the attached letter of response indicating your acceptance.

Yours sincerely.

[Name]
Accountable Officer for [initiative].

Government of JERSEY

Acceptance letter to Accountable Officer for [xxxx]

Dear **[Accountable Officer]**,

I acknowledge receipt and confirm my acceptance of the appointment letter, designating me as the **[Sponsoring/Supplying]** Senior Responsible Officer for the **[initiative]**.

Yours sincerely.

[Name]
Sponsoring Senior Responsible Officer for **[initiative]**.

Land and Property Assets

Introduction and background

This section of the Manual applies to all States Bodies (including States Funds and Trust Assets) as defined in the Public Finances (Jersey) Law, 2019 and relates to all land and property assets (including leased and donated land and property assets), and the management and disposal of land and property assets.

Accountable Officers are personally accountable for the proper financial management of resources as defined in their letters of appointment. The majority of land and property assets are the responsibility of the Accountable Officer for the Infrastructure and Environment department.

This section does not apply to the Viscount's Department, which seizes, manages and maintains Jersey properties subject to court order and leases its own storage facilities. These activities do not involve Jersey Property Holdings.

Certain land and property transactions are required to be notified to the States Assembly under Standing Order 168, which states:

> 168 Land transactions
> (1) This standing order applies to the following actions –
>> (a) the acquisition, disposal, letting or rental of land on behalf of the public of Jersey (other than the agreement of altered boundaries);
>> (b) the agreement of boundaries, or of altered boundaries, on behalf of the public of Jersey;
>> (c) the acquisition, grant, variation or cancellation of rights or servitudes over land on behalf of the public of Jersey;
>> (ca) the renewal, extension, variation or cancellation of any lease of land on behalf of the public of Jersey;
>> (cb) the provision of consent, on behalf of the public of Jersey, to a land transaction that is not included in sub-paragraph (a) to (ca);
>> (d) the approval of plans for the construction or alterations of buildings where the work is to be funded wholly or partly by money voted by the States.
>
> (2) The prior agreement of the States shall not be needed for any of the actions if –
>> (a) the action is recommended by a body established by the States to manage land and buildings owned by the public of Jersey; and
>> (b) the recommendation is accepted by the Minister for Infrastructure.
>
> (3) The Minister for Infrastructure must, at least 15 working days before any binding arrangement is made for an action described in paragraph (1)(a) which does not, by virtue of paragraph (2), require the prior agreement of the States, present to the States a document setting out the recommendation which he or she has accepted.
> (3A) If the action described in paragraph (1)(a) to which the document relates is not pursued after a document is presented as required by paragraph (3), the Minister for Infrastructure must notify the Greffier who must inform the members of the States.
> (4) Nothing in this standing order requires the States to agree, or the Minister for Infrastructure to accept or present to the States any information

regarding, the grant, renewal, extension, variation or cancellation of a tenancy that is terminable upon giving 3 months' notice or less.
(5) The Attorney General and the Greffier may, under the authority of the Minister for Infrastructure, pass any contract which is required to be passed on behalf of the public of Jersey.
(6) In paragraphs (1)(ca) and (4), the references to the renewal of a lease or tenancy includes a reference to the grant of a lease or tenancy of land to a person, where the term of the lease or tenancy commences on the expiry of the term of an earlier lease or tenancy and the earlier lease or tenancy was of the same land and to the same person.

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

- Changes to heads of expenditure
- Expenditure and procurement
- Major, strategic and other projects

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

- the "whole life cost" is not defined as part of the design or acquisition of a new land or property asset
- following acquisition, information on an asset is incomplete or not in the correct format
- an asset is not disposed of at fair market value and therefore does not achieve the best value for the States or Government of Jersey
- the asset register is incomplete
- the inventory or asset deteriorates or becomes obsolete
- an asset is incorrectly maintained, or allowed to fall to the "lowest maintainable condition"
- an asset no longer meets the States or Government's needs
- the disposal of an asset is not properly authorised

Principles

1. Asset management for land and property should be led by Jersey Property Holdings under the corporate landlord model and undertaken in such a way to ensure that organisational and functional requirements are aligned and linked to the priorities set in the Island Property Estate Strategy and the Government Plan.
2. Accountable Officers should work to optimise the performance and identify the lifetime costs of land and property at the outset (including those required for maintenance and operating the asset), whilst looking to mitigate the risks associated with those assets.
3. Accountable Officers should be focused on ensuring that land and property assets are used to produce services that deliver value for money and meet the States and Government of Jersey's priorities.
4. Land and property assets should be safeguarded and maintained in terms of value, health and safety, insurance, other regulatory requirements and protected against misuse.
5. The need for land and property assets should be reviewed on a continuous basis through the asset management planning process.

6. Where a donated land or property asset has no likely States or Government use it should be disposed of if the terms of the donation permit, and the proceeds applied to the purpose intended by the donation.

Requirements

1. Consultation with Jersey Property Holdings

Jersey Property Holdings (JPH) must be consulted prior to any discussion or negotiation regarding the acquisition, disposal, letting or rental of land on behalf of the public of Jersey. This applies where the acquisition, disposal, letting or rental is on behalf of an arm's length body but the cost is to be met from within the budget of a States department, as opposed to from a grant from a States department. JPH should administer the transaction if requested to do so by the department bearing the cost.

2. Land and Property Asset Management Plan

The Public Estate Strategy (the Strategy) guides the development and management of all States and Government operational land and property (the Estate) under a single Corporate Landlord Model governed by Jersey Property Holdings (JPH). Under this model, the Accountable Officer for Jersey Property Holdings must produce a Strategic Asset Management Property Plan (SAMP). The SAMP must be based on analysis of the condition and performance of assets held and must use good quality and timely asset data.

This will identify the property needs and outline what additional property is needed as well as where surplus property exists, or where property can be reused to support other services within the States and Government of Jersey. This will form part of the wider strategic view of land and property ownership and rental which will inform the land and property requirements of the long-term capital plan.

3. Acquisition of land and property assets

Land and property must only be acquired where it has been shown to be a necessary requirement, or where it has been donated. The SAMP will highlight this requirement and identify that no suitable option to meet the need exists within the estate portfolio. Recommendations for the acquisition of suitable property must be subject to a business case, which includes the forecast whole life costs of the asset.

There must be appropriate systems in place to ensure that the design, build and commissioning or acquisition of an asset complies with the relevant regulatory requirements (including legislative, heritage, health and safety, and environmental obligations (including consideration of the asset's carbon footprint)).

The process for the acquisition of land and property will be directed by the Disposal and Acquisition of Land and Property policy.

3. Disposal of surplus assets – land or property

If initiated by them, Accountable Officers must consult with Jersey Property Holdings on the disposal of land or property assets. Recommendations for the disposal of land or property, including a business case, must be approved by the Minister for Infrastructure, and meet the requirements set in States Standing Order 168 (States Standing Orders can be found on the States Assembly website).

When a disposal is agreed, Accountable Officers must ensure that the disposal is completed as swiftly as the market will allow, with reasonable consideration for best value.

The process for the disposal of land and property will be directed by the Disposal and Acquisition of Land and Property policy.

Any use or disposal of land or property which falls into the remit of Standing Order 168 is subject to notification to the States Assembly.

4. Proceeds from disposal of land and property assets

Proceeds from the disposal of States/public owned land and property assets will be available to Jersey Property Holdings. Their use by JPH must either be:

- set out in an approved Government Plan; or
- approved by the Minister for Treasury and Resources under Article 21 of the Public Finances (Jersey) Law 2019. JPH must request this approval prior to spending where use has not been set out in an approved Government Plan.

Proceeds from the sale of land and property held in a Fund, including a gift or bequest Fund, must be credited to that Fund.

5. Recording of assets

Accountable Officers and JPH must ensure that land and property assets are appropriately recorded to ensure completeness with any losses, thefts and damages appropriately documented and in line with requirements set in the losses and write offs section of the Manual.

6. Physical checks

Accountable Officers and JPH must ensure regular physical checks of assets and inventory, including checks on condition, statutory compliance are carried out, and that discrepancies between records and physical checks are reported, and that appropriate action is taken.

7. Professional advice

Accountable Officers and JPH must seek appropriate professional advice when disposing of land and property assets of significant value as set out in the Disposal and Acquisition of Land and Property policy.

8. Maintenance

Accountable Officers and JPH must keep and review a maintenance schedule in order to prioritise the appropriate maintenance of land and property in a manner that protects or enhances their value to the States and Government of Jersey.

9. Use and insurance

Accountable Officers and JPH must ensure that land and property are only used for purposes that meet the priorities of the States of Jersey. The Accountable Officer for Jersey Property Holdings must ensure that such assets are adequately insured.

10. Indemnities in property leases

Jersey Property Holdings are not required to seek approval from Treasury and Exchequer for the inclusion of standard indemnities in property leases. However, the Accountable Officer responsible for Jersey Property Holdings must ensure that:

- a register is maintained of all leases that include indemnities; and
- any indemnity in a property lease which creates a potential uninsured liability to the States of £50,000 or more is quantified and notified to the Treasurer of the States.

Government of JERSEY

APPENDIX F

Disposal and Acquisition of Land and Property Policy

Table of Contents

Purpose

The Island's property estate is managed by Jersey Property Holdings (JPH) and directed by the Island Property Estate Strategy under the Corporate Property Management Board (CPMB). It provides an essential platform for public services and government operations, from our education and schools, health, emergency services, justice system through to our administration offices, recreation and cultural spaces. There are significant plans to develop the infrastructure to include a new corporate office, a new hospital, and new education facilities and these will have impacts upon the size and shape of our future property estate.

These projects will be run under an updated Capital (Building) Projects Framework for the more efficient and successful delivery of capital projects, following recommendations made by the Public Accounts Committee (PAC) and the Comptroller and Auditor General (C&AG). The Framework provides a stage gate process, aligned to the funding processes, to control decision making at key points in the project lifecycle and the initial site selection stages of this process will be reviewed by CPMB for approval through the established Governance process.

A formal approach to disposals as part of its overall approach to asset management will assist the JPH and Government in managing this change and making best use of its resources by rationalising or disposing of surplus or under-performing assets. This approach aligns to the established process set out in Standing order 168 which sets out the political structure under which land transactions are approved. This will have a key part to play in accelerating housing supply and transforming the government estate to a sustainable, net zero platform for future public services.

Definitions

For the purposes of this policy, the following definitions are used:

Disposals

- A disposal is the transfer of a freehold or a leasehold interest to a third party, surrender of a lease or assignment of a lease to a third party for the payment of a premium or a reverse premium. A disposal may include the grant of an option to lease or purchase the freehold. Lease disposals may also arise where no premium is involved.

Acquisition

- A freehold interest in land and/or buildings
- The grant of an interest to the Government of Jersey in land and/or buildings

Surplus property

Property could be regarded as being surplus if it meets one or more of the following criteria:

- Its disposal is important for the delivery of an objective outlined in the Government Plan.

- An alternative site has been identified which would achieve a more cost-effective delivery of service and the existing site has no potential for future alternative service delivery or regeneration purposes.
- Better public value can be obtained by transfer of an asset to another public or Arm's Length Organisation (ALO), subject to the approval of a business case and demonstration of need.
- The net income generated from the site is below that which could be achieved from disposing of the site and investing the capital receipt/proceeds.
- It is an under-performing property and has not contributed to delivery of the Government services, or Government Plan objectives in the previous three years, either directly or indirectly, nor generates income and has no potential for future service delivery, community, cultural or regeneration purposes.

Strategic Property Asset Management Plan (SPAMP)

A strategic approach to the management and operation of Government land is fundamental to the successful and efficient delivery of services and an expectation of all Departments. JPH are responsible for the production of the Strategic Property Asset Management Plan (SPAMP). Working alongside departments – who will identify their activities requiring property – the SPAMP will identify:

- **Additional** land and property needs
- **Surplus** property
- where property can be **refurbished** and re-purposed to support other services within Government.

The SPAMP will form part of the wider strategic view of land and building ownership and rental which forms part of the long-term capital plan.

Options for acquisitions and disposals

The disposal of the Governments' land and property could therefore be progressed in several ways and does not necessarily have to result in a freehold sale. The following options are available:

- **Freehold** – The sale or purchase of the property with or without future covenants to restrict or protect future use.
- **Flying Freehold** – This usually applies to flats but is also occasionally used for commercial property, principally in mixed developments.
- **Leasehold** – Leasehold interest can be agreed for any time. A leasehold interest of nine or more years ("contract leases" under Jersey law) must be registered as an interest in land with the Royal Court. Long-term leases are also options and lenders will tend to require at least 50 years of unexpired lease term before the property is acceptable to them as good security.

Other disposal considerations:

In certain asset disposals Government may wish to include additional provisions based on appropriate professional advice such as:

- **Restrictive covenants:** dispose of land or property subject to a legal restriction such as permitted use.
- Provision of a community benefit through a **contract of sale** or **Planning Obligation Agreement** (if subject to planning application)
- **Option to purchase:** option agreement to purchase in complex cases to enable purchasers time to enhance value with for example planning approval.

1. Disposals

This section sets out the procedure for declaring property as surplus and ensuring the proper discharge of Jersey Property Holdings duties and policies in a transparent and fair manner whilst obtaining best value for Government of Jersey. This aligns to the actions in Island Property Estate Strategy which states that the Government should '***Administer acquisitions and disposals, balancing commercial and community needs.'***

1.1 Process for declaring an asset surplus

Identification of surplus land will arise from either a service or property review undertaken between JPH and individual Government departments who should keep all land holdings under review by adopting principles of sound strategic asset management planning through the development of sound Strategic Property Asset Management Plans.

Identifying Surplus Land

The SPAMP will identify those properties which are no longer in use and/or required for their last use by that department. Consideration will be given as part of the SPAMP as to whether sites no longer in use by one department are required for re-use by other areas of the Government. Jersey Property Holdings, in consultation with departments, will identify those properties which are not required for current or future use by departments.

It is important to note that other factors may also be used to highlight potential surplus property, its condition, suitability, size, location, alternative use value, neighbouring site issues and its effectiveness, for example. In making an assessment to determine whether land is surplus departments should refer to the definition of surplus land outlined in section 1, which will consider if:

- The land is currently used/required to deliver their operational functions.
- There is a clearly evidenced plan to use the land to deliver their future operational functions.
- The land is held for commercial purposes and/or is integral to continuity of service delivery.
- The land is vital for business contingency, in line with the departments strategic and operational plans.

Where land satisfies any of the above criteria it is unlikely to be surplus. However, the land may be surplus if:

- It is not used for current delivery or required for future delivery of the department's operational functions and policies.
- The department has no formally approved strategy and timetable for bringing the land back into permanent full operational use.

Each case should be assessed on the circumstances associated with the land and the Department's overarching strategic plan.

For the avoidance of doubt a property should only be classified as being surplus if both building and site are no longer required and are available for disposal.

The SPAMP will be used to inform a long-term asset management plan driven by Government plan objectives and strategies.

1.2 Disposal of surplus or under-performing assets for community use

It is acknowledged that there are occasions where the Government may wish to dispose of property that is classified as surplus or considered to be under performing for community benefit that is at less than market value.

Examples of where community rather than commercial uses might arise are:

- providing affordable housing in excess of that which would be required by planning policy H6 - Making more homes affordable in the Bridging Island Plan,
- disposal of an interest to an existing tenant or established group that is 'providing a function that has a substantial community benefit',
- disposal of an interest in property to a not-for-profit organisation, designed to achieve social and economic benefits,
- disposal of an interest in property designed to achieve specific physical, economic, or cultural regeneration more than that which would normally be required by Government or Island Plan planning policy,
- seeking environmental sustainability benefits more than those that would normally be required by planning policy or other Government policy.

Internal and external consultation may be required as considered appropriate for community uses.

When deciding between with either commercial or community future use of assets, there should be an assessment of the current and likely ongoing holding and opportunity costs, and any benefits, arising from the retention of the assets to provide a balanced view about the costs and benefits to the Government and community of disposing of the asset.

Appropriate professional valuation and legal advice must be sought when considering appropriate measures. RICS guidance identifies two approaches to the valuation of development land for affordable housing and these should be considered in valuing sites:

- comparison with the sale price of land for comparable development or
- assessment of the value of the completed scheme and deduction of the costs of development (including developer's profit) to arrive at the underlying land value. This is known as the residual method.1

[1] RICS professional guidance, England and Wales Valuation of land for affordable housing 2nd edition, April 2016

This value will then be measured against the community benefit and costs for developing the site for this alternative use.

Benchmark values[2] may also be useful in providing further evidence on the cost of land for affordable housing, with recent transactions having taken place in acquiring private open market sites.

1.3 Methods of disposal

Each asset disposal will be assessed on its own merits as to the most appropriate method of disposal to apply and the in-house Governments valuers' advice will be sought where appropriate to provide specialist advice.

There are various methods of disposal that can be applied to assets depending on the individual circumstances to obtain the best rent, price, or best terms for Government, or where it will support other initiatives such as community benefit or support regeneration initiatives. These decisions will be discussed, and recommendations made at CPMB for political approval, as set out in appendix B.

Below is a summary of options available for consideration in order of preference:

1. **Transfers to Arm's length Organisation (ALO) or Community group/Charity**
   It is expected that sites that are predominantly commercial in nature or require the delivery of significant public realm and community uses will be led by States of Jersey Development Company, whilst sites that will predominantly deliver affordable housing will be led by Andium or other registered affordable landlords. Some sites may also be developed for charitable organisations to deliver Government related services provided by the third sector.
2. **Joint Ventures**
   On some sites it will be appropriate to seek joint development agreements either between the ALO's or with commercial partners, for reasons that are either site related or for commercial considerations with private specialist development companies.
3. **Public Sale[3] for best value**
   Some sites will not be required to deliver Government developments and it will be in the best interests of the taxpayer to sell these sites for best value to the private sector.

1.4 Governance and process for disposal of surplus land and property

In all cases any proposed disposal of an interest in land and property will be managed by the JPH team to ensure a consistent approach that aligns with the SPAMP and corporate landlord model and the need to secure best price, rent or terms for Government. An outline of the governance process is set out in appendix B.

[2] Based upon open book values of recent developments undertaken by ALO's (Andium)
[3] Can be through open sale, tender or, auction.

1.5 Transfer process

Once land has been identified as surplus as set out in sections 1.1 and 1.2, JPH will seek, where applicable, initial valuation evidence to consider issues as to best price, rent or terms and will seek legal advice, to consider the most appropriate means and mechanism of disposal (as set out in sections 1.3 and 1.4).

JPH will undertake, along with Law Officers, the necessary due diligence, including all site constraints be they covenants or other legal agreements.

In most cases, a development brief and/or Supplementary Planning Guidance (SPG) will be drafted and consulted upon to help inform the future use and future value of a site or building.

All proposed disposals will be reported to the Corporate Property Management Board and a recommendation presented to the Future Places Group, Council of Ministers, and then final Ministerial Decision by the appropriate Minister, as set out in Appendix B.

Where land has been agreed to be transferred at less than market value directly to an Arm's Length-Organisation or charity for community benefit or use (as set out in section 1.3 and 1.4, the Government's in-house valuer will be instructed to provide required advice on preferred disposal method to secure best price or terms based upon the agreed end use(s).

If the land or property is being sold to the open market for maximum value, it will be marketed appropriately, and the Government agent will advise JPH with a formal recommendation in relation to the purchaser and price.

In both cases JPH will liaise with law officers to conclude the disposal as per the agreed heads of terms.

The Ministerial decision may then be lodged with the States Assembly for 15 working days in accordance with Standing Order 168 – Land Transactions (Appendix A).

2. Acquisitions

2.1 Process for acquiring new land and property

The acquisition of property will be driven by either the identification for land and property through the SPAMP, the Government Plan or from an approved States Report and Proposition that instructs the Minister for Infrastructure to acquire land or property for a specific purpose.

This aligns to the actions in Island Property Estate Strategy which states that the Government should 'Administer acquisitions and disposals, balancing commercial and community needs.' For the purposes of this policy:

- All acquisitions of land and property are in respect of freehold, leasehold or licence.
- Land or Property will only be acquired where it has been shown to be a necessary requirement following detailed option appraisals through a SPAMP or there is a clear strategic requirement identified through the Government Plan or a States Member making a specific proposition to the Assembly to acquire or dispose of a particular property.

2.2 Powers to Acquire Land and Buildings

The acquisition of land and buildings is enshrined within the requirements of the Government of Jersey Public Financial Manual[4] and under Standing Order 168 (appendix A).

Where land cannot be acquired through negotiation with the owners, then the compulsory purchase of land can be undertaken, which is set out in the Compulsory Purchase of Land (Procedure) (Jersey) Law 1961[5]. This law provides rules applicable to the acquisition of land by the States through compulsory purchase on behalf of the public, with the compensation for land compulsorily acquired determined though a Board of Arbitrators. The use of compulsory purchase is a last resort and will likely only be used where the acquisition in in the interest of the Public and the owner(s) of land is not a willing seller.

2.3 Governance

In all cases any proposed acquisition of an interest in land and property will be managed by the JPH team to ensure a consistent approach that aligns with the SPAMP and corporate landlord model and the need to secure best price, rent or terms for Government. Governance of land or property acquisitions are described in Appendix C.

[4] Public Finances Manual (gov.je)
[5] Compulsory Purchase of Land (Procedure) (Jersey) Law 1961 (jerseylaw.je)

3. Funding

The acquisition and disposal of operational property shall be prioritised in accordance with the Government's approved Government Plan.

The proceeds from the disposal of land and property can be directed towards the improvement of the existing property estate or to fund acquisitions where a business case is made and approved by a Ministerial decision.

The Government can fund the acquisition of operational property through a range of options, and it is accepted that the appropriate option will vary in each case.

All acquisitions shall have the necessary budgetary approval as set out in the business case before the acquisition is completed.

3.1 Public Finance Manual

JPH will ensure that all decisions and processes are in line with the Public Finance Manual which is an integral part of the Jersey Financial Compliance Framework and sets out policy that requires:

- consultation with the appropriate States Body where land or property assets are deemed surplus to operational requirements,
- when a disposal is agreed, ensure that it is completed as swiftly as the market will allow, with reasonable consideration for best value,
- seek appropriate professional advice when disposing of assets of significant value, in particular land and property assets,
- where not contemplated in the approved budget of the States Body, seek approval from the Treasurer of the States for the retention and use of the proceeds of asset disposals where these exceed £5,000,
- ensure that if assets are transferred between States Bodies or to an Arm's Length Organisations without being offered on the open market, they are transferred at market price and in appropriate circumstances except as otherwise agreed with Treasury and Exchequer (and follow appropriate approval processes).

Appendix A - Standing order 168

168 Land transactions[6]

(1) This standing order applies to the following actions –

(a) the acquisition, disposal, letting or rental of land on behalf of the public of Jersey (other than the agreement of altered boundaries);

(b) the agreement of boundaries, or of altered boundaries, on behalf of the public of Jersey;

(c) the acquisition, grant, variation or cancellation of rights or servitudes over land on behalf of the public of Jersey;

(ca) the renewal, extension, variation or cancellation of any lease of land on behalf of the public of Jersey;

(cb) the provision of consent, on behalf of the public of Jersey, to a land transaction that is not included in sub-paragraph (a) to (ca);

(d) the approval of plans for the construction or alterations of buildings where the work is to be funded wholly or partly by money voted by the States.

(2) The prior agreement of the States shall not be needed for any of the actions if –

(a) the action is recommended by a body established by the States to manage land and buildings owned by the public of Jersey; and

(b) the recommendation is accepted by the Minister for Infrastructure.

(3) The Minister for Infrastructure must, at least 15 working days before any binding arrangement is made for an action described in paragraph (1)(a) which does not, by virtue of paragraph (2), require the prior agreement of the States, present to the States a document setting out the recommendation which he or she has accepted.

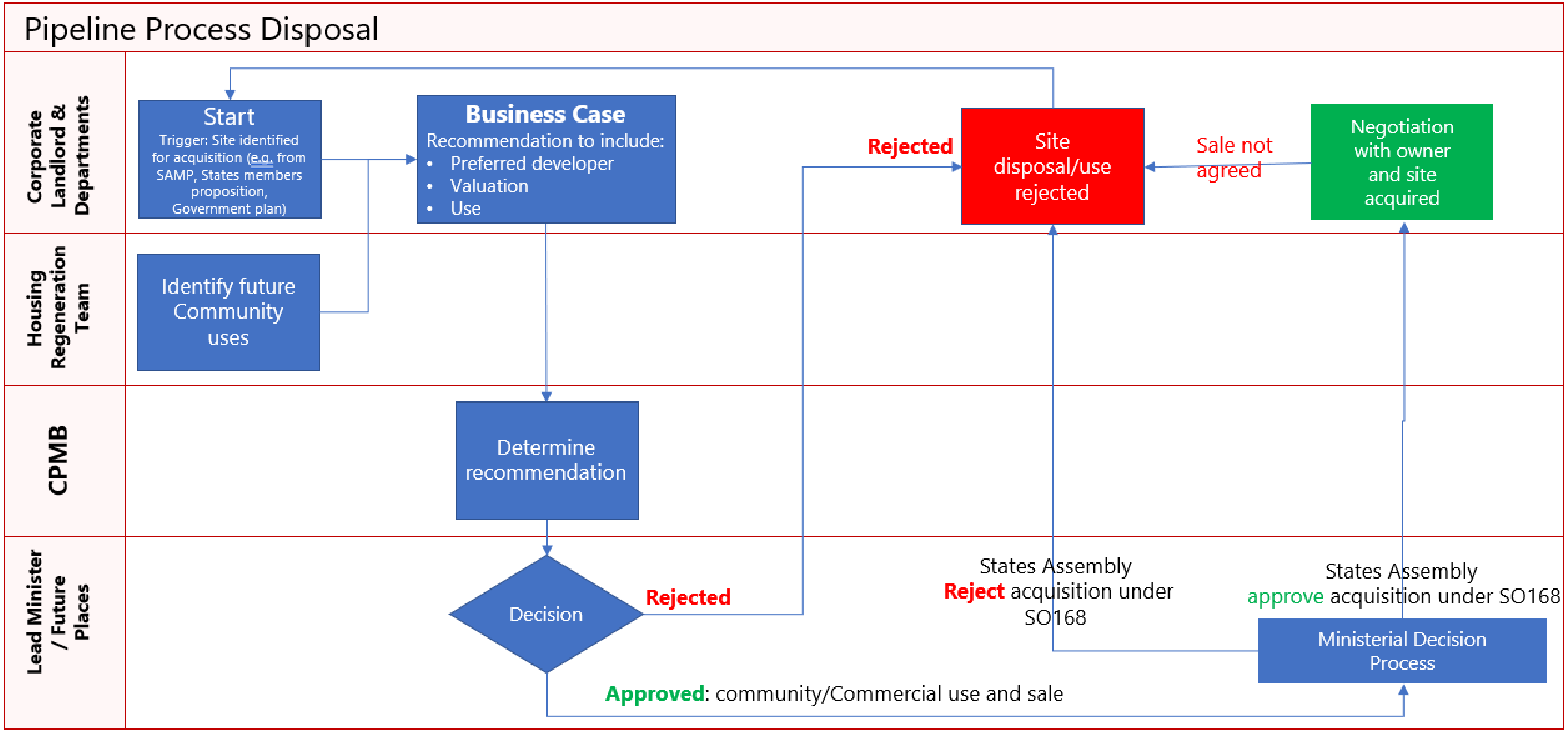
(4) Nothing in this standing order requires the States to agree, or the Minister for Infrastructure to accept or present to the States any information regarding, the grant, renewal, extension, variation or cancellation of a tenancy that is terminable upon giving 3 months' notice or less.

(5) The Attorney General and the Greffier may, under the authority of the Minister for Infrastructure, pass any contract which is required to be passed on behalf of the public of Jersey.

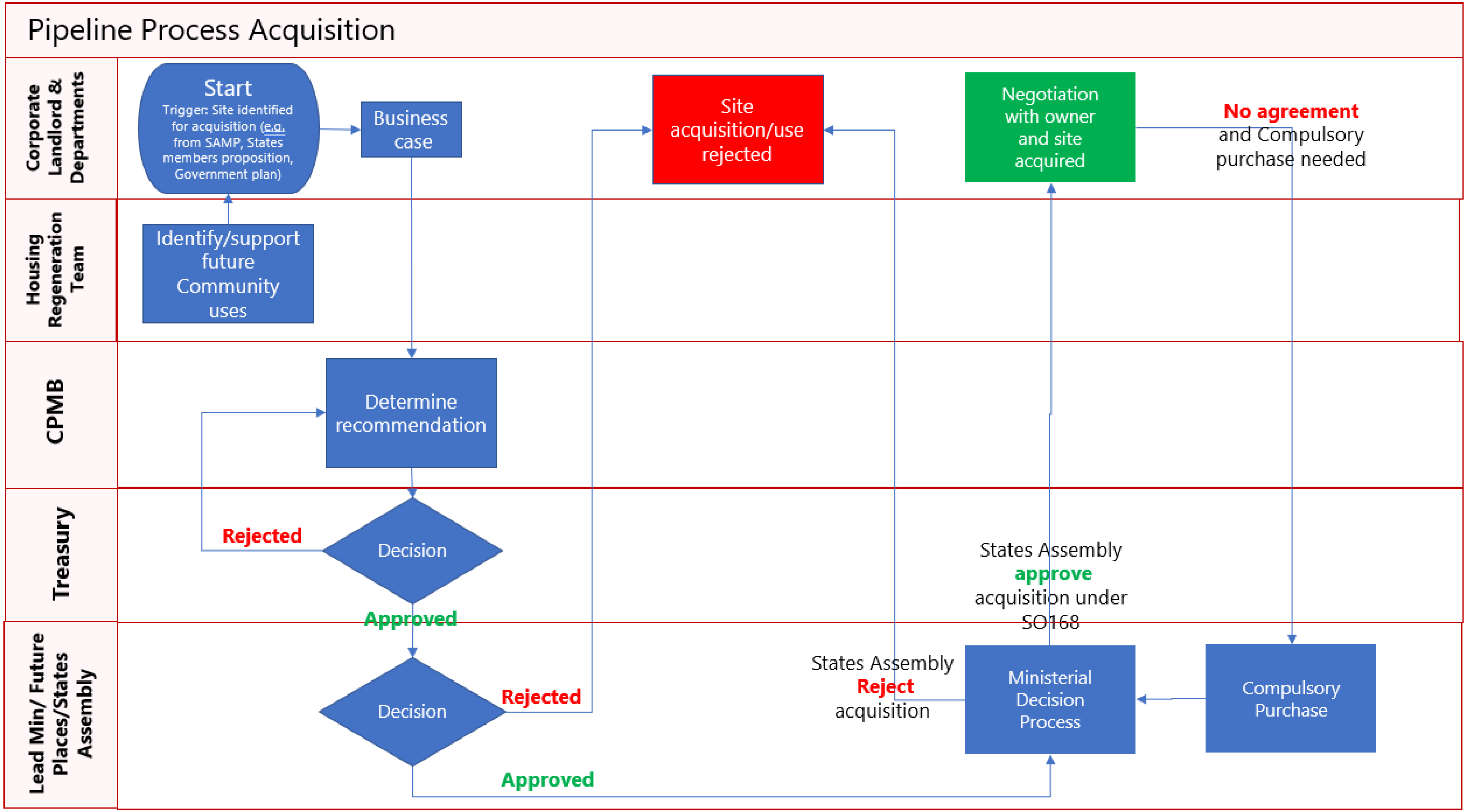
[6] Standing Orders of the States of Jersey (jerseylaw.je)

(6) In paragraphs (1)(ca) and (4), the references to the renewal of a lease or tenancy includes a reference to the grant of a lease or tenancy of land to a person, where the term of the lease or tenancy commences on the expiry of the term of an earlier lease or tenancy and the earlier lease or tenancy was of the same land and to the same person.

Appendix B - Disposal Process



Appendix C - Acquisition Process



Acceptance of gifts and hospitality

Introduction and background

The Government and States of Jersey place great importance on the need to ensure that bribery and corruption has no part to play in the way that the Island is governed. 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)"). This section does not apply to any type of grouped collection of money/gift given on behalf of pupils to a teacher, or another member of a school's staff, as an end of term/year gift. The exception to this is where a teacher or another member of the school's staff receive or are offered a gift with a value of £40+ from one individual household, in this instance the recipient must report and declare the gift in line with the requirements of this section.

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

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
- Offering gifts and hospitality

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 States of Jersey's reputation may be compromised as a result of poor practice and weak governance arrangements
- creating a conflict of interest. For example, 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
- Ministers and Assistant Ministers are bound by the Code of 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 with the exception of Court Services (Judicial Greffe and Viscount's Department), which operate their own separate register and approval process.

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 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, customer or client or 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. They will need to request a copy of the register from the Head of Financial Governance in Treasury and Exchequer.

6. Under no circumstances should gifts received in the course of employment be sold by the recipient for personal gain.

7. **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 should be completed in line with Government and States of Jersey requirements. Ministers and Assistant Ministers are responsible for ensuring notification to the States Greffe in line with the States Assembly Code.

Requirements

Gifts and hospitality valued at £40 or more

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.

2. Completion of online Gifts and Hospitality Form

Approval prior to accepting a gift or hospitality must normally 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, for example, when a gift is given in recognition of, or gratitude for, a service provided by an employee(s) in the course of their duties, or where a spontaneous offer of hospitality is accepted (although clearly inappropriate offers must still be declined). In these circumstances the gift or hospitality must be declared as soon as possible after receipt.

3. Approval of gifts and hospitality

The receipt of gifts and hospitality above the limits specified in requirement 1. The declaration must be approved by the Accountable Officer of the relevant department (or their delegate, as specified in the Scheme of Delegation submitted to the Treasurer of the States for approval). Where Accountable Officers of Government departments are the recipient of gifts or hospitality, approval must be obtained from the Treasurer of the States or Head of Finance Business Partnering. Where

Accountable Officers of Non-Ministerial departments are the recipient of gifts or hospitality, approval must be obtained from another Non-Ministerial Accountable Officer or the Head of Finance Business Partnering. Where the recipient is the Treasurer, approval must be obtained from the Principal Accountable Officer (and vice versa).

4. 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). The gift must also be declared on the register.

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. As a general guide, no more than one working lunch from the same organisation (such as a supplier or grant recipient) should be accepted in any financial year - any more must be declared and approved. This approval can be for a group of working lunches over a period.

5. 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.

6. Approval of gifts and hospitality

The receipt of gifts and hospitality below the £40 limit must be approved by the Accountable Officer of the relevant department 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. Approval must normally be secured in advance of acceptance. This approach is not always appropriate as refusal to accept a gift or hospitality may be seen as discourteous. For example, when a gift is given in recognition of, or gratitude for, a service provided by an employee(s) in the course of their duties, or where a spontaneous offer of hospitality is made. In these circumstances the gift or hospitality must be declared as soon as possible after receipt. 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).

7. 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).

8. Gifts and hospitality under £40 that always require approval

The following items of gifts or hospitality are contentious and represent heightened risk. As such, if the offer cannot be declined, approval must always be sought from the Accountable Officer (or their delegate if documented in the Scheme of Delegation) (through the online gifts and hospitality register) regardless of value:

- cash (or any payment that is effectively equivalent to giving cash, for example paying for something on behalf of someone, including a member of staff)
- gift cards
- donations to charity
- event tickets
- sightseeing excursions
- alcohol (approval is not required for a single alcoholic drink bought for a member of staff, for example at a networking event)
- overnight stays
- where the giver is a family member of the receiver (where the gift or hospitality is offered or received in a work situation)

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). The gift must also be declared on the register.

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

- whether the Accountable Officer, department, States or Government could be criticised for accepting from one particular charity, member of staff or group of staff;
- whether the proposed gift or hospitality could be subject to accusation of favouritism or conflict of interest;
- whether the proposed gift or hospitality advances and contributes to the objectives of the department, States or Government;
- whether the proposed gift or hospitality sets a precedent that could result in further instances across the department, or other departments;
- whether the proposed gift or hospitality infringes the Codes of Practice on:
    - Standards in Public Service; and
    - Performance and accountability.

Assets

Introduction and background

This section of the Manual applies to all States Bodies (including States Funds and Trust Assets) as defined in the Public Finances (Jersey) Law, 2019 and relates to all non-financial assets (including donated assets), management of inventories and to the management and disposal of assets but excludes land and property assets which are covered under the Land and property assets section. This includes capitalised assets (i.e. those costing over £10,000) as well as any "equipment" assets, (defined as "a physical asset that requires any periodic maintenance for regulatory, safety, insurance reasons or to ensure continued performance"), costing below £10,000 but where risks suggest control should be exercised.

This section also covers the management of stock. The Treasurer of the States will authorise specific departmental stock level limits.

Accountable Officers are personally accountable for the proper financial management of resources as defined in their letters of appointment.

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

- changes to head of expenditure
- expenditure and procurement
- major projects and projects

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

- "the whole life cost" are not defined as part of the design or acquisition of a new asset
- following acquisition, information on an asset is incomplete or not in the correct format
- an asset is not disposed of at fair market value and therefore does not achieve the best value for the States or Government of Jersey
- the asset register is incomplete
- the inventory or asset deteriorates or becomes obsolete
- there is insufficient inventory causing shortages which have consequential impacts on services
- an asset is incorrectly maintained, or allowed to fall to the "lowest maintainable condition"
- an asset no longer meets the States or Government's needs
- the disposal of an asset is not properly authorised

Principles

1. Asset management should be undertaken in such a way to ensure that organisational and functional requirements are aligned and linked to the priorities set in the Government Plan.
2. Accountable Officers should work to optimise the performance and identify the lifetime costs of an asset at the outset (including those required for maintenance and operating the asset), whilst looking to mitigate the risks associated with those assets.
3. Accountable Officers should be focused on ensuring that assets are used to produce services that deliver value for money and meet the States and Government of Jersey's priorities.

4. Assets should be safeguarded and maintained in terms of value, health and safety, insurance, other regulatory requirements and protected against theft or misuse.
5. The need for assets should be reviewed on a continuous basis.

Requirements

1. Acquisition of assets

Accountable Officers must ensure there are appropriate systems in place to ensure that the design, build and commissioning or acquisition of an asset complies with the relevant regulatory requirements (including legislative, heritage, health and safety, and environmental obligations (including consideration of the asset's carbon footprint)). Please see the Expenditure and Procurement section of this Manual for requirements relating to purchases of technology, vehicle and property assets.

2. Asset Management Plan

Accountable Officers must complete and maintain an asset management plan which complies with the States of Jersey's asset management framework (including the Asset Management Policy). Any plan must be based on analysis of the condition and performance of assets held and must use good quality and timely asset data.

3. Recording of assets

Accountable Officers must ensure that assets are appropriately recorded to ensure completeness with any losses, thefts and damages appropriately documented and in line with requirements set in the losses and write offs section of the Manual.

4. Physical checks

Accountable Officers must ensure regular physical checks of assets and inventory, including checks on condition, are carried out, and that discrepancies between records and physical checks are reported and appropriate action is taken. Evidence must be retained that these checks have been carried out and discrepancies investigated. The frequency of checks must be related to the risk of theft. As a minimum this should be at least annually, but more frequent may be appropriate if stock items are portable, attractive and valuable,

5. Disposal of surplus assets – other than land or property

Accountable Officers must document the reasons for disposal of other assets, including justification of why they are no longer needed. Accountable Officers must use reasonable means to achieve the best value proceeds for assets disposed of. This can include donation, where appropriate.

Officers who have deemed assets to be surplus must not purchase those assets, either directly or from a third party who initially buys the assets.

Particular care must be taken when disposing of medical equipment. Advice must be taken from relevant staff.

Wherever possible, surplus assets must be offered in part exchange against the cost of replacement assets.

When disposing of assets which are likely to be used by the initial or subsequent purchaser, the officer disposing of the asset must ensure appropriate waivers are obtained to prevent any potential future liability on the States or Government.

Accountable Officers must seek appropriate professional advice when disposing of assets of significant value. As a guideline over £1,000 can be considered significant.

6. Retention of proceeds of asset disposal

Where not already included in the approved budget of the States Body, and with the exception of land and property assets, Accountable Officers must seek approval from the Treasurer of the States for the retention and use of the proceeds of asset disposals where these exceed £5,000 above the carrying value of the asset in Connect Finance.

Where an asset is held in a States Fund, or a trust asset is disposed of, the Accountable Officer must seek necessary approvals in line with the governance arrangements covering the Fund/trust asset.

7. Maintenance

Accountable Officers must keep and review a maintenance schedule in order to prioritise the appropriate maintenance of assets and inventory in a manner that protects or enhances their value to the States and Government of Jersey.

8. Use and insurance

Accountable Officers must ensure that assets and inventory are only used for purposes that meet the priorities of the States of Jersey and ensure that such assets are adequately insured.

9. Transfer of assets (other than land and buildings)

If assets, other than property or buildings, are transferred between States Bodies, Accountable Officers must ensure that they are transferred at market value except as otherwise agreed with Treasury and Exchequer.

10.Reporting

Accountable Officers must provide inventory and maintenance reports as and when required in the form specified by Treasury and Exchequer.

11.Stock and inventory accounts

Accountable Officers must seek approval from the Treasurer of the States for new stock or inventory accounts or increases in levels of stocks over £50,000. Accountable Officers must notify Treasury and Exchequer of any new or increased stock levels of £50,000 or less. Treasury and Exchequer must maintain a schedule of all departmental stock levels.

Fraud, corruption, and money laundering

Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019, and provides assistance in the prevention, detection, and reporting of fraud, corruption, and money laundering.

The States of Jersey's objective is to identify the potential areas where fraud, corruption and money laundering may occur and show that controls are in place to mitigate it, and to comply with all legal and regulatory requirements, including the Corruption (Jersey) Law 2006, the Money Laundering (Jersey) Order 2008 and the Investigation of Fraud (Jersey) Law 1991.

The States' Anti-Fraud and Corruption Policy and Strategy make clear that the States have a zero-tolerance approach to fraud and corruption in relation to their business.

All staff within States Bodies and States Members are always required to act honestly and with integrity and to safeguard the public resources for which they are responsible. The States and Government will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. States Members are subject to the Code of Conduct for Elected Members within the Standing Orders of the States of Jersey.

The States of Jersey has a Whistleblowing Policy for public servants.

'Fraud' is the act of gaining a dishonest advantage, often financial, over another person. It is the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain. Fraud is a deliberate action and is therefore always intentional and dishonest.

Examples of potential fraud include but are not limited to:

- asset misappropriation
- accounting fraud
- data theft
- illegal insider trading
- tax evasion
- procurement fraud
- employee fraud
- benefits fraud

'Corruption' is defined as dishonest conduct by those in power. It can include bribery, (which is defined as offering or paying of illegal inducements, usually in exchange for an unfair and illegitimate advantage; or offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person).

Examples of potential corruption include but are not limited to:

- Acceptance of gifts and hospitality to influence a procurement decision with a supplier
- Bribery of an interview panel member to ensure appointment of a particular candidate
- States planning decisions influenced by gifts, hospitality or donations from a 3rd party
- Undisclosed conflict of interest leading to a contract award to a particular supplier

'Money laundering' is a process of concealing the source of money (from illegal activities) and converting it to a clean and legal source.

The States of Jersey Anti-Money Laundering Policy allows for acceptance and banking of cash payments below £1,000. If the money offered in cash is £1,000 or more, then payment may be accepted but must not be processed (i.e. banked) until the employee has received guidance from the Designated AML Lead or Deputy Designated AML Lead. The Policy (within supporting documents) applies to all States Departments and aims to maintain the high standards of conduct which currently exist within the States of Jersey in preventing criminal activity through money laundering.

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

- Accountable Officers in Government Departments
- Accountable Officers in Specified Organisations
- Accountable Officers in Non Ministerial States Bodies
- Expenditure and procurement
- Income
- Risk management
- Conflicts of Interest
- Acceptance of gifts and hospitality
- Gifts and hospitality offered

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

- unrecorded, undeclared and unresolved conflicts of interest and/ or acceptance or offer of gifts and hospitality
- manipulation of finance system (e.g., approving payments, falsifying invoices, making or receiving payments to private bank accounts)
- financial statements fraud (e.g., understatements and overstatements, fictitious investments)
- payroll fraud (e.g., fictitious employees, abuse of holiday leave or time off, claiming unworked hours, false compensation claims)
- exploitation of vulnerabilities in controls, such as a lack of accountability or oversight, to commit fraud
- corruption in times of a pandemic or other emergency response
- fraudulent purchase card expenditure (used for personal expenditure) or expense claims (for example mileage)
- theft of cash, plant and equipment, inventory (e.g. stealing from petty cash, taking money from a till, theft of inventory, theft of computers and other IT related assets)
- cybercrime
- new and emerging types of fraud that the organisation is not prepared for

Principles

1. Accountable Officers should be responsible for managing the risks which their respective States Bodies face, including fraud and corruption risks. They should be responsible for establishing and maintaining sound systems of internal control to manage such risks. Accountable Officers should be alert to new and emerging fraud and corruption risks affecting their States Body.
2. Accountable Officers should consider the risks of fraud and corruption in relation to any arm’s length body associated with their department, and should ensure any lay members are aware of the States’ Anti-Fraud and Corruption and Anti-Money Laundering Policies and Strategy.

3. Accountable Officers should maintain an environment where staff are willing to talk about fraud risks and senior managers are receptive to those discussions.
4. Accountable Officers should ensure that the "zero tolerance" position within the States of Jersey on fraud, corruption and money laundering is well known amongst their staff.
5. All managers should regularly circulate States of Jersey fraud, corruption and money laundering communications received to their staff.
6. All employees should report any suspicion of money laundering activities to the Designated AML Lead or Deputy Designated AML Lead.
7. All employees should be willing to raise any concerns they might have that relate to fraud, corruption and money laundering.
8. All employees should be aware of the risks of non-monetary fraud. This can include taking work resources home for personal use, carrying out personal activity in work time or accepting gifts of time or "valueless" goods from external parties in exchange for States resources.

Requirements

1. Compliance with policies

Accountable Officers and all staff must comply with the States of Jersey Anti-Fraud and Corruption Policy and Anti Money Laundering Policy (attached in Supporting documents).

2. Counter fraud, corruption and money laundering lead officer

Accountable Officers in Government departments must designate a lead officer in their area of operation who will lead on counter fraud, corruption and money laundering activity. That officer will:

- act as the lead liaison on behalf of the Anti-Fraud, Corruption and Money Laundering Working Group.
- report to the Accountable Officer on the progress of any fraud, corruption and money laundering matters
- assist in promoting anti-fraud, corruption and money laundering training to employees within the area of operation.
- assist in promoting an anti-fraud, corruption and money laundering culture throughout the organisation.

The designation must be included in the Accountable Officer's scheme of delegation. For the avoidance of doubt the designation identifies a point of contact – it is not a dedicated post or job title and should not involve a significant time commitment.

3. Risk assessment

Accountable Officers (or delegates) must identify, assess, and evaluate their departments' specific fraud, corruption and money laundering risks and document this within the States of Jersey Enterprise Risk Management system. Risk assessment must be carried out at least annually and controls must be tested to confirm effectiveness.

4. Internal controls

Accountable Officers must customise their response to fraud, corruption and money laundering risks to reflect the nature of the activities and the risks they face. This will typically involve (but is not limited to) the following:

- Risk assessment

- Establishing, developing and maintaining sound system of internal controls (for example control over physical assets, segregation of duties, clear procedures or guidance, scheme of delegation, authorisation process, pre-employment screening). Accountable Officers must be aware of which controls they are responsible for, and which are carried out by Shared Services or Finance Business Partners – for example Shared Services staff are not responsible for checking that transactions have been initiated within the respective department's Scheme of Delegation limits.
- Addressing control weaknesses quickly in order to prevent any recurrence of fraud or corruption
- Taking appropriate action against fraudsters and seeking to recover losses
- Reporting instances of suspected fraud, corruption or money laundering in accordance with any corporate requirements

5. Training and awareness

Accountable Officers must take all reasonable steps to ensure that staff within their area of responsibility complete anti-fraud and corruption mandatory or role specific training, when available.

6. Using States resources for personal purposes

Employees must not use States or Government resources for personal purposes without the express permission of their line manager. This can constitute fraud, and can include taking home "spare" supplies or carrying out personal activities in work time.

7. Responsibilities of all employees

All employees play a key role in preventing, detecting, and reporting fraud, corruption and money laundering. Each member of staff must:

- ensure that public funds and all other resources are used appropriately and to the best advantage of the service
- conduct themselves in accordance with the standards set out in the States of Jersey Codes of Practice
- declare offered or given gifts and hospitality
- submit a conflicts of interest eform where there is an interest to be declared
- ensure that all expense claims are supported by the original receipts (scanned and attached when submitting the claim on MyView) and the reason for the claim

Each member of staff must not:

- under any circumstances use their purchase card to fund personal expenditure
- claim for any hours worked or allowances that they are not entitled to
- take any work resources home for personal use without express permission from the line manager
- carry out significant personal activity in paid work time without express permission from the line manager.

Any fraudulent activity by a member of staff is likely to result in disciplinary action.

Gifts and hospitality offered

Introduction and background

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

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

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

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

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

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

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

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

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

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

- the value or nature of a gift or hospitality is inappropriate or excessive to the occasion or the reason for giving it
- the gift or hospitality is given in explicit or implicit expectation of favour in return
- the gift or hospitality is given in substitution for legitimate payment or remuneration
- the gift or hospitality expense is not approved
- the Government's or States of Jersey's reputation may be compromised as a result of poor practice and weak governance arrangements
- using a purchase card to pay for gifts or hospitality can result in inappropriate business-related expenditure, poorly documented or justified expenditure or paying for personal items or benefits

Principles

1. The decision to offer gifts or hospitality should be based on objective criteria, rather than on any sort of bias, preference, or improper reason.
2. Employees should follow specific policies and procedures, such as the Business Travel Policy and Purchase card procedures (within Supporting documents) which give guidance for decision-making and streamline internal processes.
3. Managers should set the standard for what is and is not acceptable to offer as a gift or hospitality. They should promote open and effective communication, professionalism, and transparency at all times.
4. Approval is not required for gifts or hospitality offered by Ministers and Assistant Ministers, but the Gifts and Hospitality online form should be completed in line with Government and States of Jersey requirements. Ministers and Assistant Ministers are responsible for ensuring notification to the States Greffe in line with the States Assembly Code.

Requirements

1. **Offering gifts and hospitality – under £40**

   Gifts and hospitality expenditure with a value under £40 per head does not require additional approval (but see "Approval – any value" requirement below.

2. **Approval – over £40**

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

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

   Where Accountable Officers are the direct giver of gifts or hospitality, approval must be obtained from the Head of Finance Business Partnering. Where the direct giver is the

Treasurer of the States, approval must be obtained from the Principal Accountable Officer (and vice versa).

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

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

4. **Expenditure**
Gift and hospitality expenditure decisions must:

i. be made transparently
ii. be made with proper authority
iii. have a justifiable business purpose
iv. preserve impartiality
v. be made with integrity
vi. be moderate and conservative

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

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

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

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

7. **Entertainment and hospitality expenditure**
   Offering entertainment and hospitality must only be incurred if it is deemed to be in the public interest and it is:

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

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

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

Guarantees and indemnities

1. Introduction and background

This section applies to all States Bodies as defined in the Public Finances Law and provides advice on the issuance of guarantees and indemnities by the States of Jersey. This advice also covers any guarantee or indemnity provided from a States Fund where the Fund's terms of reference allow for these arrangements. A Guarantee does not include "letters of comfort" issued by the Minister for Treasury and Resources to housing associations to protect against interest charges.

This section does not apply to transactions entered into by the Viscount directly, or as Delegate for those who lack capacity to manage their own property and affairs. In the main these relate to property transactions and as such are outside of the remit of this policy.

For the purposes of this Section:

- a **guarantee** is an agreement whereby a debt of a third party will be repaid to a lender by the States of Jersey, if the third party, who has primary responsibility to settle the debt, defaults; and
- an **indemnity** is a contractual agreement made between a third party and the States of Jersey where the States of Jersey agrees to pay for losses or damages suffered by the third party in certain situations. An indemnity in its widest terms is recompense for a loss or liability.

This section does not apply to standard indemnities in property leases.

It is possible for a guarantee scheme to be approved which covers smaller guarantees within an overall limit.

The Public Finances (Jersey) Law 2019 (Article 28) permits the Minister for Treasury and Resources to provide guarantees or indemnities in the name of the States up to a total value of £3 million in a financial year, provided that the grand total of all guarantees and indemnities provided in this way does not exceed £20 million. Above these amounts any further guarantees and indemnities can only be approved by the States Assembly, under Article 29 of the Public Finances (Jersey) Law 2019. The Minister may delegate his or her powers.

As the issuing of a guarantee or an indemnity represents a disclosable item within the Annual Report and Accounts for the States of Jersey it is important that there is a clear understanding of the potential financial implications to the States of Jersey and to any departmental head of expenditure if there is a default or need to cover the costs of an indemnity.

Proportionate due diligence must be undertaken prior to any proposed guarantee or indemnity being offered to organisations external to the States of Jersey. There should be a formal assessment of the organisation's financial standing and proper consideration as to whether the organisation is in a position to satisfy the terms of any agreement and if the issuance of a guarantee is the best and most cost-effective means of supporting the organisation. As part of the due diligence process consideration must be given to the financial impact to the States and to managing any risk if there is a default which activates a guarantee or if a loss covered by an indemnity materialises. The States' risk appetite should be considered for each individual occurrence.

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

- expenditure and procurement
- financing or borrowing
- lending
- risk management

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:

- Unauthorised issuance of guarantees and indemnities is carried out in breach of the Public Finances (Jersey) Law 2019 or other Laws
- Guarantees and indemnities authorised by the Minister for Treasury and Resources exceed limits set in the Law
- Ineffective due diligence procedures result in the States of Jersey being required to meet the costs of the guarantees and indemnities
- The total value of guarantees and indemnities is incorrectly calculated
- Fraud is committed through deliberate and calculated actions which ensure that terms of a guarantee or indemnity are actioned incorrectly

2. Principles

1. All guarantees and indemnities should be in the name of the States of Jersey.
2. Accountable Officers cannot independently authorise a guarantee or indemnity. A States Body may request that Treasury and Exchequer issue a guarantee or indemnity, which is made directly from Treasury and Exchequer. All guarantees and indemnities regardless of limit must be approved by Treasury and Exchequer.
3. All guarantees and indemnities should be appropriately authorised and undertaken in accordance with the Public Finances (Jersey) Law 2019, this Manual and any other relevant States of Jersey policies. Guarantees and indemnities are approved in the Government Plan with the Minister for Treasury and Resources able to approve guarantees/indemnities within defined financial limits.
4. Due diligence procedures should be undertaken with regard to any proposed guarantee or indemnity to third parties, culminating in a formal assessment of the financial standing and an assessment as to whether or not the organisation requesting the guarantee or indemnity is likely to be in a position to satisfy the terms of the guarantee or indemnity. Diligence should have regard to the States' risk appetite.
5. States Bodies should be able to justify guarantees/indemnities and confirm that they do not give the recipient an unfair competitive advantage in a market.
6. States Bodies should monitor bodies to whom a guarantee or indemnity has been given to assess the likelihood that the liability will be triggered.
7. States Bodies should ensure early discussion with Treasury and Exchequer when there is concern about the ability of a recipient of a guarantee or indemnity in meeting the terms of any agreement.

8. Accountable Officers should ensure there is no activity carried out by their States Body that meets the definition of a guarantee or indemnity unless conducted in accordance with the requirements of this section.

3. Requirements

1. **Decision making**

States Bodies must not enter into any guarantee or indemnity arrangements without the approval of the Minister for Treasury and Resources or as part of an approval within a Government Plan.

Accountable Officers must consider the full financial implications of a guarantee or indemnity, assess the risk and compare these with other alternative courses of action. The financial implications should be considered over the whole life of the proposed guarantee or indemnity.

2. **Requesting a guarantee or indemnity**

A States Body making a request for a guarantee or indemnity for inclusion in the Government Plan or for approval by the Minister for Treasury and Resources must make a written request, through the Accountable Officer, to Treasury and Exchequer. This request must include:

- details of how granting the guarantee or indemnity will contribute to the States Body's/States Strategic Priorities
- the proposed recipient of the guarantee or indemnity
- the amount of the guarantee/indemnity
- the purpose for which the guarantee/indemnity will be used
- the reasons (both financial and non-financial) for issuing a guarantee/indemnity as opposed to any other course of action, including specific measurable objectives for the success of a guarantee/indemnity
- confirmation that the States Body has given consideration to how the costs of any default of a guarantee or indemnity will be funded
- any other terms and conditions of the proposed guarantee/indemnity
- an assessment of the risk of the guarantee recipient not being able to meet the terms of the arrangement and that this falls within the risk appetite of the States Body
- any conditions which may apply to reclaim States support if the financial position of the recipient changed in the future.

3. **Risk management**

The States Body requesting the guarantee/indemnity must consider the risk to the States of Jersey of the proposed course of action including the implications if the guarantee/indemnity is called in. These considerations must be documented and provided to Treasury and Exchequer.

4. **Security**

Once a guarantee or indemnity has been approved the Treasurer of the States must ensure that the appropriate legal agreement is drafted, agreed and signed.

5. **Monitoring of limits**

The Treasurer of the States must ensure that total limits on guarantees and indemnities set in the Public Finances (Jersey) Law 2019 or Government Plan are monitored and not exceeded.

6. **Name of Guarantee/indemnity**

All guarantees and indemnities must be provided in the name of the States of Jersey.

7. **Contingent or actual liability**

The Treasurer of the States must be notified if there is a possibility that a guarantee or indemnity will need to be called in. If a guarantee or indemnity is likely to crystalise then the relevant States Body must consider, in consultation with the Treasurer of the States, whether an immediate report should be made to the States Assembly or if this is better addressed during the six-monthly updates published by the Minister for Treasury and Resources. The report should explain the circumstances in which the liability is expected to crystallise, the amount involved and how this will be funded. If a guarantee or indemnity was requested by an Accountable Officer, and the guarantee or indemnity results in an actual liability to the States, the cost must be met from within the budget available to that Accountable Officer. If the cost cannot be met in this way the Accountable Officer concerned must submit a business case requesting additional funding to the Minister for Treasury and Resources.

8. **Reporting**

When requested, Accountable Officers must submit promptly to the Treasurer of the States any information relating to guarantees or indemnities in a form which is compliant with the JFReM (see Supporting documents).

The Treasurer must ensure that all guarantees and indemnities issued under powers in the Law are reported to the States Assembly as part of the six-monthly updates published by the Minister for Treasury and Resources and in the States of Jersey's annual report and accounts.

9. **Indemnities in property leases**

Jersey Property Holdings are not required to seek approval from Treasury and Exchequer for the inclusion of standard indemnities in property leases. However, the Accountable Officer responsible for Jersey Property Holdings must ensure that:

- a register is maintained of all leases that include indemnities; and
- any indemnity in a property lease which creates a potential liability to the States of £50,000 or more is quantified and notified to the Treasurer of the States.

10. **Indemnities in standard contract terms and conditions**

Accountable Officers are not required to seek approval from Treasury and Exchequer for the inclusion of standard indemnities in either States of Jersey or third party standard contract terms and conditions. However, Accountable Officers must notify Commercial Services of any indemnity considered to be outside of standard terms for that type of contract. If Commercial Services propose to include such an unusual indemnity they must inform Strategic Finance within Treasury and Exchequer.

Accountable Officers must consult Commercial Services for any draft contract with a total value in excess of £50,000 where the supplier is seeking use of their own terms and conditions. This requirement does not extend to contracts entered into be the Viscount for seizures and management of seized assets that would not normally involve Commercial Services.

Internal Audit

1. Introduction and background

The Internal Audit function provides an independent, objective assurance and advisory service necessary for continual improvement of the organisation’s business performance. It provides reasonable assurance that States Bodies’ financial and operational controls designed to manage the organisation’s risks and achieve the organisation’s objectives are operating in an efficient, effective and ethical manner.

On an ongoing basis, Internal Audit provides Accountable Officers with reasonable assurance that their organisation’s risk management, control, and governance are adequate, effective and compliant with applicable legislation and other policy and procedures such as this Manual. It also functions as an important source of information and advice regarding areas of improvement and development. It helps the organisation accomplish its objectives through a systematic, disciplined approach to the evaluation and improvement of these processes.

The Treasurer of the States is required under the Public Finances Law to establish a system of internal auditing in support of his requirement to ensure the proper stewardship and administration of the public finances of Jersey. The Treasurer is also responsible for advising the Comptroller and Auditor General, as well as the Principal Accountable Officer (if appropriate), of the results of internal audits carried out under that system.

The Treasurer must with the agreement of the Minister designate a person who is employed in the Treasury and Exchequer Department as “Chief Internal Auditor”.

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 Comptroller and Auditor General is independent and cannot be directed on how to carry out any function, including processes and procedures, of her Office. Statutory provisions under the Comptroller and Auditor (Jersey) Law 2014 ensure that the Comptroller and Auditor General is subject to strong governance review by a Board set up for this purpose. 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. Full details on the Office of the Comptroller and Auditor General can be found in the section of the Manual – Office of the Comptroller and Auditor General. The Comptroller and Auditor General does use Government of Jersey systems and processes for some transactions, for example the contract with the States’ travel provider for travel and accommodation bookings. The Chief Internal Auditor audits these systems, including any transactions relating to the Comptroller and Auditor General. The Chief Internal Auditor will report any relevant concerns arising from this audit work to the Board established by the Comptroller and Auditor General (Jersey) Law 2014 to oversee governance for the Comptroller and Auditor General’s office.

References in this section to the Risk and Audit Committee relate to the States’ Risk and Audit Committee. There is also an Audit Committee for Non-Ministerial departments.

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

- the States or Government of Jersey is unable to meet its Strategic Priorities and outcomes due to inadequate risk management frameworks
- the States or Government of Jersey suffers financial loss
- the States or Government of Jersey suffers reputational damage
- the States or Government of Jersey suffers missed opportunities as a result of failure to identify, report and mitigate risks

- the States or Government of Jersey cannot demonstrate that it delivers value for money in the use of its resources

2. Principles

1. An Internal Audit Charter should be maintained which will be approved by the Risk and Audit Committee and will specify the purpose of the Internal Audit function, reporting lines, scope of activities, and responsibilities. An effective Internal Audit function will be based on the following core principles:

    - demonstrates integrity
    - demonstrates competence and due professional care
    - is objective and free from undue influence
    - aligns with the strategies, objectives, and risks of the organisation
    - is adequately resourced
    - demonstrates quality and continuous improvement
    - communicates effectively
    - provides risk-based assurance
    - is insightful, proactive, and future-focused
    - promotes organisational improvement
    - unfettered access to report to the top of the organisation

2. The Chief Internal Auditor should be responsible for preparing an Internal Audit plan in accordance with the International Professional Practices Framework (IPPF) and with the Internal Audit Charter. The plan should be prepared on a rolling three year basis and be agreed with the Risk and Audit Committee and the States Treasurer. The plan should be revised at least annually and more frequently when there are indications that the risks faced by the States of Jersey in delivering their priorities have changed materially. The Chief Internal Auditor can also carry out unplanned activity at any time to address identified risks.

3. The Internal Audit function exists in order to assist the States of Jersey to achieve its Strategic Priorities. Internal Audit team members should, therefore, be a source of advice for Accountable Officers on issues such as governance and control. However, it is important that members of Internal Audit do not take responsibility for management decisions, executive functions, or the development of systems, as this would compromise their independence and present a conflict of interest. The Chief Internal Auditor will refuse requests from management to undertake work that it is not appropriate for Internal Audit to undertake.

4. A report should be provided on a quarterly basis to the Risk and Audit Committee, the States Treasurer and the Chief Executive setting out the progress made to date on the Internal Audit Plan and key control issues noted.

5. The Chief Internal Auditor should prepare an annual report and opinion on the States of Jersey's governance framework and internal control environment, based on audit work carried out in the year in question. This report will be presented to the Risk and Audit Committee to inform their review of the Governance Statement in the States of Jersey's published annual report and accounts.

6. Arm's Length Organisations should consider whether it is appropriate to establish their own internal audit functions based on the scale and complexity of their operations. The Head of Audit will not be responsible for delivering internal audit services to these bodies, except where agreed with the Risk and Audit Committee, States Treasurer and the Accountable Officer responsible for the organisation.

7. The internal auditors and the external auditors appointed by the C&AG should maintain a close working-relationship. The effectiveness of an audit, along with an efficient use of audit resources, will be enhanced by co-operation between these teams. However, it should be noted that the use in Internal Audit work of entities or individuals involved in the provision of External Audit services should be allowed only in exceptional circumstances. Internal and external audit functions should be kept separate to avoid conflicts of interest, and any possible threat to objectivity or independence.

3. Requirements

1. The Treasurer of the States' Duty to Provide Resources

The Treasurer of the States must provide sufficient resources to meet his obligations under the Public Finances Law and to enable the person designated as Chief Internal Auditor to perform their duties to leading international standards. The cost of certain audits will be recharged to departments.

2. Standards

The conduct of work by Internal Audit must be governed by the International Professional Practices Framework (IPPF), which provide a benchmark against which the quality of Internal Audit in the UK public sector is assessed. The structure, authority and responsibilities of the Internal Audit function will be specified in the Internal Audit Charter.

3. Internal Audit Plan

The Chief Internal Auditor must prepare an internal audit plan in accordance with the International Professional Practices Framework (IPPF) and with the Internal Audit Charter. The plan must be prepared on a rolling three year basis and be agreed with the Risk and Audit Committee and the States Treasurer. The plan must be revised at least annually and more frequently when there are indications that the risks faced by the States of Jersey in delivering their priorities have changed materially. The Chief Internal Auditor can also carry out unplanned activity at any time to address identified risks.

4. Internal Audits

The Chief Internal Auditor must carry out internal audits of States bodies, States funds and trust (third party) assets for the purpose of assisting the Minister for Treasury and Resources and Treasurer in the performance of their functions under the Public Finances Law. The scope, times and frequency of internal audits must be determined by the Chief Internal Auditor with the agreement of the Treasurer. However, the Chief Internal Auditor may carry out an internal audit of any States body or area of operation for which the Treasurer is the Accountable Officer at any time and may determine the scope of any such audit.

5. Reports on audits carried out

The Chief Internal Auditor must prepare a report on any internal audit carried out on a States Body by or on behalf of Internal Audit. A copy of this report must be sent to the Comptroller and Auditor General and the Accountable Officer of the organisation audited, as well as the Principal Accountable Officer (if appropriate). In practice reports are also sent to the Risk and Audit Committee. Accountable Officers also have overall responsibility for ensuring their States Body has appropriate internal controls, for ensuring that effective action is taken based on the recommendations of an Internal Audit report, for recognising risks associated with inaction, and for compliance with applicable policies, procedures and regulations.

6. Responding to Internal Audit reports

Accountable Officers must respond to draft Internal Audit reports in a timely manner and provide specific timescales for implementing agreed recommendations. Internal Audit's protocol for the agreement of draft findings requires that a final report should be issued within eight weeks of the issue of the first draft to management, unless an alternate timescale is agreed with the Chief Internal Auditor. If reports are not finalised within the prescribed timescale the Chief Internal Auditor can issue the reports to the Risk and Audit Committee whether or not agreed with management.

7. Reporting to the Risk and Audit Committee

The Chief Internal Auditor must provide a report on a quarterly basis to the Risk and Audit Committee, the States Treasurer and the Chief Executive setting out the progress made to date on the Internal Audit Plan and key control issues noted.

8. Confidentiality of Internal Audit reports

Internal Audit reports are confidential. Accountable Officers and others on the circulation list for Internal Audit reports must not forward or circulate these reports to anyone else without first obtaining the permission of the Chief Internal Auditor.

9. Access to persons and information

The Chief Internal Auditor and staff must have unfettered right of access to all persons and information within States bodies. Any requests must be complied with.

10. Independent reporting arrangements

The person designated as Chief Internal Auditor must have an unfettered right to report on specific matters direct to any of the following:

- the Minister for Treasury and Resources
- the Treasurer of the States
- the Principal Accountable Officer
- the Chair of the Risk and Audit Committee
- the Comptroller and Auditor General
- the external auditor appointed by the Comptroller and Auditor General

The Chief Internal Auditor must advise the Treasurer of any such reports.

Risk Management

Introduction and background

This section applies to all States Bodies as defined in the Public Finances Law and provides guidance on how to achieve effective risk management.

The term 'risk' appears frequently throughout the Public Finances Manual. For the purposes of the Risk Management Section a risk is defined as something that could happen that might have an effect on achievement of the objectives of the States of Jersey. A risk is therefore an uncertain future event that can be either a negative threat or a positive opportunity.

Risk Management is defined as, all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress. This process is set out in detail in the Government of Jersey Risk Management Strategy. It should be a continuous cycle of assessment and feedback, responding to new information and developments. Managing risk must be regarded as part of the organisational culture of the States of Jersey such that policy, strategy and processes are embedded into the normal management systems of the States of Jersey so that it can achieve its goals and maintain a reputation of credibility and reliability.

The Principal Accountable Officer is responsible for ensuring that an appropriate approach to risk management is followed throughout the States of Jersey and various departments respectively and that systems are in place to identify and manage these risks.

Accountable Officers are personally accountable for the proper oversight of risk management within their area of control, the scope of which is defined in their letters of appointment.

Each department has a Departmental Risk Lead who serves as the primary point of departmental contact on risk matters.

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

- Accountable Officers in Government Departments
- Accountable Officers in Specified Organisations
- Accountable Officers in Non Ministerial States Bodies
- Expenditure
- Internal Audit
- Fraud, corruption and money laundering

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:

- risk assessment is not carried out which may affect decision making
- risk management is not applied across the States and Government of Jersey
- risks are not entered into the ERM (Enterprise Risk Management system) and therefore are not monitored and reviewed regularly
- no actions are attached to risks meaning they are not actively mitigated

There are three distinct levels of risk management profile across the government – Community, Corporate and Department. This 3-tier hierarchy approach to managing risk and effective control environment is dependent on a consistent and standardised process that recognises specific 'objectives' at each level. This includes:

Community level – this enables the community of Jersey to be better prepared to cope during an emergency and to recover more quickly. It helps us the Island in its preparedness and resilience for major events. It is maintained by the Jersey Resilience Forum and the Emergency planning function.

Corporate level - this contains risks that could materially threaten the Government of Jersey business model, future performance or prospects.

Departmental level - this focuses on strategic and operational risks related to the day-to-day performance of activities serving Islanders. Departmental risks must be escalated to a higher level if appropriate.

Principles

1. Accountable Officers should establish an appropriate 'Tone at the top' in respect of a shared set of attitudes where employees maintain high ethical values and act with integrity, thereby complying with laws and regulations and behaving in a principled manner

2. Accountable Officers should promote the consistent, comprehensive collaborative and proportionate approach to risk management through the Enterprise Risk Management (ERM) framework

3. Accountable Officers should ensure that States Bodies' objectives are not adversely affected by significant unforeseen risks

4. Accountable Officers should ensure arrangements are in place to deal with the unexpected that might put service delivery at risk

5. Accountable Officers should promote an innovative, less risk averse culture that encourages the pursuit of opportunities as well as the management of threats

6. Accountable Officers should provide a sound basis for integrating risk management into decision making

7. Accountable Officers should embed risk management as a component of robust corporate governance and management practices

8. Arm's Length Organisations should consider and adopt the requirements of this section of the Manual, as applicable, tailored to their specific risks.

Requirements

1. Risk Policy and Strategy

Accountable Officers must ensure that mechanisms are put in place to review and understand the States' risk management policy and strategy.

2. Review

Accountable Officers must ensure that a system is in place for identifying, assessing and managing new, existing and/or emerging risks and to gain assurance that risk management is effective, and to identify when further action is necessary.

3. Enterprise Risk Management System (ERM)

Accountable Officers must record and monitor risks using the Enterprise Risk Management system (ERM) - the States of Jersey risk register – except where otherwise agreed with the Head of Risk, for example in the case of some Non-Ministerial Departments including the Viscount's. Maintaining a record of these risks once identified is then critical to effective risk management.

4. Actions and controls

A control is an ongoing mitigation of a risk. An action is a specific, time-limited activity.

Each risk must have at least one control assigned to it which will describe what the control is, how it will help manage the risk and, if possible, a financial quantification.

Each risk can have actions assigned to it which will describe what the action is, what the timeline is for completion, how it will help manage the risk and if possible, a financial quantification.

Accountable Officers must assess, regularly review and document the effectiveness of actions and controls. All controls should be realistic, proportionate to the intended reduction of risk, and offer good value for money.

Actions and controls must be documented in the ERM system.

5. Risk appetite

Accountable Officers, and their designated Departmental Risk Leads, must set out their risk appetite ("the amount of risk the Government of Jersey is willing to accept") when prioritising the resources and actions necessary to mitigate or reduce the impact of a particular risk and/or the timeframe required to mitigate a risk.

6. Ownership

Departmental Risk Leads must take ownership, on behalf of their Accountable Officer, for risks within their respective Departments and ensure that the Departmental risk register is regularly discussed, reviewed, updated and escalated as appropriate. Each risk, action and control must have assigned an agreed owner who is accountable for that risk, action or control.

7. Escalation

Departmental Risk Leads must, on behalf of their Accountable Officer, escalate significant risks identified to the appropriate level of management within their department. They should also consider whether departmental risks should be escalated to the Community or Corporate level.

8. Training and advice

The Head of Risk must provide expert advice and facilitate risk focused learning and development. Accountable Officers should promote available training within their areas of responsibility.

9. Arm's Length Bodies

Accountable Officers of sponsor departments (i.e. the Government or Non Ministerial department which has the relationship with the Arm’s Length Body (ALB), and accounts for any expenditure on that Arm’s Length Body within its head of expenditure) must:

- seek from the ALB an update on a quarterly basis on any material change to their risks (e.g movement in risk over the previous quarter, new/emerging risks)
- record risks identified as severe in the ERM system, take ownership, review, monitor and decide on specific controls and actions (this can be achieved through the use of the ALOs (Arm’s Length Organisations) Governance, Risk and Compliance Checklist and discussions between relationship managers and ALOs). Relevant ALBs must be advised about these actions.
- ensure that where risks to ALBs could have an impact on the States or Government (for example reputational or financial) these risks are recorded on departmental risk registers and escalated to the corporate risk register where appropriate.