

# STATES OF JERSEY



## **ANTI-CORRUPTION ARRANGEMENTS (R.12/2021): EXECUTIVE RESPONSE WITH COMMENTS OF THE PUBLIC ACCOUNTS COMMITTEE**

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**Presented to the States on 1st April 2021  
by the Public Accounts Committee**

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**STATES GREFFE**

## FOREWORD

In accordance with paragraphs 64-66 of the [Code of Practice](#) for engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’, (as derived from the [Proceedings Code of Practice](#)) the Public Accounts Committee presents the Executive Response to the Comptroller and Auditor General’s Report entitled [Anti-Corruption Arrangements](#) (R.12/2021) presented to the States on 27th January 2021).

The report was published in January 2021 and focuses on the design and operation of the States of Jersey’s arrangements to embed a culture of compliance and the arrangement to identify and manage risks of corruption. This included an examination of the policies and procedures for procurement and for the receipt of gifts and hospitality by States employees and States Members.

The PAC is supportive of the C&AG’s recommendations to improve the policies and procedures for managing States Members’ and States employee’s conflicts of interest, procurement breaches and exemptions, and the scrutiny of gifts and hospitality, and the need to review and update the Code of Conduct to include references to policies and procedures for managing the risk of corruption.

The Executive Response to the C&AG’s Report, which is issued by the Chief Executive and Treasurer of the States, was received by the Public Accounts Committee (PAC) on 3rd March 2021. The Chief Executive advised that specific, anti-corruption Internal Audit reviews and the recording of offers of gifts and hospitality refused by a States Employee within the Gifts and Hospitality Register have already been captured and completed in resources including the Public Finances Manual. It was also confirmed that a new proposed Code of Practice is to be issued by the States Employment Board, with 12 of the 26 Recommendations set for delivery by the end of Q2 2021.

The PAC acknowledge that 8 of the 26 Recommendations have been made to the Greffier of the States. The PAC wrote to the Greffier on 27th January 2021 requesting a response to the report, which was received on the 24th February 2021. The Greffier has accepted all relevant recommendations, with a paper expected to be presented to the Privileges and Procedures Committee in June 2021 to propose a revised Code of Conduct that includes changes to registration requirements, and training. These revisions will require the approval of the States Assembly and is likely to be debated in the Autumn.

The Public Accounts Committee will therefore follow up this work and publish further comments in due course.

**Deputy I. Gardiner**

Chair, Public Accounts Committee

# **The Chief Executive and Director General of Treasury and Exchequer's response to Comptroller and Auditor General's report on Anti-Corruption Arrangements**

**March 2021**

## **Glossary of Terms**

C&AG – Comptroller and Auditor General

ELT - Executive Leadership Team

COM – Council of Ministers

PFM – Public Finances Manual

DRG – Departmental Risk Group

Chief Executive/Treasurer/Director General's Response to **C&AG Review: [Anti-Corruption Arrangements](#)**

Summary of response:

The Chief Executive Officer and Treasurer welcome this report. All recommendations are accepted in full, apart from one which is partially accepted.

The recommendations and report build upon work already in progress to develop an Anti-Corruption Policy, and Counter Fraud and Corruption Strategy. An important element of the Strategy is to raise awareness amongst staff of the potential for corruption, and particular focus will be placed on this aspect in 2021, and on an ongoing basis moving forwards.

Action Plan

<b>Recommendations</b>	<b>Action</b>	<b>Target date</b>	<b>Responsible Officer</b>
<b>R1</b> Update the draft of the States of Jersey Anti-Corruption Policy to improve clarity by additional references to Elected Members, management responsibility, conflicts and risk assessment.	Accept. The document will be updated to incorporate the suggested additional references.	April 2021	Director, Risk and Audit
<b>R2</b> Update the final draft of the States of Jersey Counter Fraud and Corruption Strategy to ensure that it addresses practical implementation the AntiCorruption Policy.	Accept. The document will be updated to address the practical implementation of the Strategy.	April 2021	Director, Risk and Audit
<b>R3</b> Prepare a detailed timetable for finalising and implementing of the new Anti-Corruption Policy.	Accept. The current version of the Anti-Corruption policy has been approved by the Executive Leadership Team (ELT) and Council of Ministers (COM). A revised version including the suggested updates in recommendations 1 and 2 will be finalised and re-approved.	April 2021	Director, Risk and Audit
<b>R4</b> Revise and expand the existing Employee Code of Conduct to include reference to potential corruption risk areas such as conflicts of interest and gifts and hospitality.	Accept. New proposed Code of Practice to be issued by the States Employment Board (Standards in Public Service).	April 2021	Group Director, People Services

<p><b>R5</b> Prepare a specific policy statement in respect of conflicts of interest for States of Jersey employees.</p>	<p>Accept. A PFM (Public Finances Manual) section has been drafted on Conflicts of Interest. This will be consulted upon internally in February 2021, then included within the online Manual alongside internal communications and training.</p>	June 2021	Director, Risk and Audit
	<p>A new Code of Practice will be introduced including a duty to declare, disclose and report conflicts of interests, in line with the requirements within the PFM.</p>	June 2021	Group Director, People Services
<p><b>R6</b> Review Codes of Conduct for Ministers and Assistant Ministers and States Members to reflect the risk of corruption with supporting guidance provided where appropriate.</p>	<p>The relevant ministerial codes require good conduct on the part of Ministers and Assistant Ministers, in line with the Nolan Principles. Nevertheless, work is underway with a view to proposing strengthened guidance and requirements in this area, including references to the policies and procedures for managing the risk of corruption. In addition, further to this report from the C&amp;AG, the Council of Ministers have now been briefed on an updated policy document in relation to anticorruption and fraud reflecting learning from the report.</p>	May 2021	Head of Ministerial Support
	<p>Response to be submitted separately by the Greffier of the States in relation to States Members.</p>	N/A	N/A
<p><b>R7</b> Review the declarations requirements for States Members to consider whether openness could be improved by disclosure of:</p> <ul style="list-style-type: none"> <li>• value of remuneration from employment or self-employment; and</li> <li>• value of land holdings or rental income</li> </ul>	<p>Response to be submitted separately by the Greffier of the States.</p>	N/A	N/A
<p><b>R8</b> Develop specific corporate anti-corruption training for all staff with a view to raising awareness of corruption risk and further embedding the culture articulated in the new policy throughout the States.</p>	<p>Accept. Resources are being recruited in February to assist with the development of the strategy and training programme. Risk assessment tools have been developed and regular communications about fraud and corruption awareness are circulated. A detailed training programme is unlikely to be developed until Autumn 2021.</p>	October 2021	Director, Risk and Audit

<p><b>R9</b> Develop training for all States Members with a view to raising awareness of the risk of corruption and embedding the appropriate culture throughout the States.</p>	<p>Response to be submitted separately by the Greffier of the States.</p>	<p>N/A</p>	<p>N/A</p>
<p><b>R10</b> Review the specific risk of corruption at departmental and corporate levels and, where appropriate, include specific corruption risks in departmental and corporate risk registers.</p>	<p>Accept. Risk assessment tools have been developed to consider the specific risk of corruption at departmental and corporate level. At the DRG meeting on 20 January 2021 the Departmental Risk Leads were asked to take these assessment tools to their Senior Leadership Team meetings for consideration and completion by the end of March 2021. This includes Non-Ministerial Departments. A consolidated position statement can then be agreed and risks added to departmental and corporate risk registers as appropriate.</p>	<p>June 2021</p>	<p>Director, Risk and Audit</p>
<p><b>R11</b> Evaluate available risk assessment tools to test suitability as a resource to assess compliance with the new AntiCorruption Policy and Counter Fraud and Corruption Strategy.</p>	<p>Risk assessment tools (Corporate and Departmental) have been developed and are being tested with departments through the Departmental Risk Group leads. These are aligned to the Counter Fraud and Corruption Strategy. A more detailed and comprehensive assessment of fraud and corruption risks across Government will be produced once departmental assessments have been completed.</p>	<p>June 2021</p>	<p>Director, Risk and Audit</p>
<p><b>R12</b> Ensure that the planned update of the States of Jersey Procurement Best Practice Procedures (User Guide and Toolkit) includes additional guidance on the identification of the potential risks of corruption as well as specific corruption risk examples.</p>	<p>Accept. The updated document and supporting toolkits will include specific guidance on the identification of risks of corruption and specific corruption risk examples. The new Third Party Code of Conduct will also include a specific section on Anti Bribery and Corruption which was developed with the Director for Risk and Audit in line with our updated strategy. The updated document will be piloted Q2 2021, with estimated implementation end Q3 2021.</p>	<p>September 2021</p>	<p>Director, Commercial Services</p>

<p><b>R13</b> Undertake refresher training to remind departments of the need for compliance with procurement requirements of the Public Finances Manual to reduce volume of breaches and exemptions.</p>	<p>Accept. The Financial Governance Team plans to deliver training as the PFM is updated. To strengthen compliance, that team will also offer dedicated refresher training on the need to comply with procurement requirements to counter risks of corruption and poor value for money.</p>	<p>June 2021</p>	<p>Director, Risk and Audit</p>
<p><b>R14</b> Include in the updated States of Jersey Procurement Best Practice Procedures (User Guide and Toolkit) rigorous requirements for managing conflicts of interest covering: identification of conflicts, declaration of interests and the circumstances in which an individual should be excluded from involvement in the procurement process.</p>	<p>The updated document and supporting toolkits will include specific guidance on conflicts of interest.</p> <p>The new Third Party Code of Conduct will also include a specific section on Conflicts of Interest.</p> <p>The updated document will be piloted Q2, with estimated implementation end Q3 2021.</p>	<p>September 2021</p>	<p>Director, Commercial Services</p>
<p><b>R15</b> Review due diligence procedures to promote consistency by providing enhanced guidance on how to undertake due diligence, including specifying all relevant data to be provided by suppliers and other intelligence sources.</p>	<p>Accept. Commercial Services are in the process of redesigning the end to end on-boarding and due diligence process. This will include enhanced guidance on how to conduct supplier due diligence, the minimum requirement for supplier data collation, and crosschecking supplier information against external sources.</p>	<p>September 2021</p>	<p>Director, Commercial Services</p>
<p><b>R16</b> Introduce a requirement to record gifts and hospitality given by a States employee in the Gifts and Hospitality Register.</p>	<p>Accept. A section will be drafted and included in the PFM on Giving Gifts and Hospitality. This will require any gifts and hospitality offered <u>or given</u> to be recorded in the register. Information will also be held against individual employee records in accordance with the Code of Practice on Standards in Public Service.</p>	<p>June 2021</p>	<p>Director, Risk and Audit</p>
<p><b>R17</b> Introduce a requirement to record offers of gifts and hospitality that have been refused by a States employee in the Gifts and Hospitality Register.</p>	<p>Accept, but already complete. This is already a requirement. Information will also be held against individual employee records in accordance with the Code of Practice on Standards in Public Service.</p>	<p>Complete</p>	<p>Director, Risk and Audit</p>

<p><b>R18</b> Ensure that Accountable Officer reviews of new online gifts and hospitality declarations are rigorous and timely.</p>	<p>Accept. The PFM section will be amended to reinforce this requirement. Information will also be held against individual employee records in accordance with the Code of Practice on Standards in Public Service.</p>	<p>June 2021</p>	<p>Director, Risk and Audit</p>
<p><b>R19</b> Ensure that all instances of noncompliance with policy are referred to in the Annual Governance Statements from departments and summarised in the annual review of these statements undertaken by the Chief Internal Auditor</p>	<p>Accept but already complete. Annual Governance Statements are structured in line with the Corporate Governance Framework. As such the Statement includes a series of questions relating to Ethics and Integrity (Principle 4 of the Framework). Accountable Officers are required to confirm compliance; evidence assurance; and provide details of known noncompliance.</p> <p>The following questions within the Governance Statement Questionnaire are relevant:</p> <p>4.1.1 Are there arrangements in place to ensure all staff in your area of responsibility are made aware of the Government of Jersey’s ethical standards and Code of Conduct?</p> <p>4.1.2 Are there arrangements in place to ensure that all staff in your area of responsibility are made aware of the rules relating to declaration of interests, and acceptance of gifts and hospitality?</p> <p>4.1.3 Is the gifts and hospitality register for your area of responsibility up to date?</p> <p>4.2.1 Have any recent conflicts of interest identified in your department been properly managed? Please list any conflicts identified and state what action was taken to manage or mitigate those risks (e.g. staff redeployment, additional supervision, etc)?</p>	<p>Complete</p>	<p>Director, Risk and Audit</p>



	<p>6.3.1 Have you complied with the Public Finances Manual (including completion of any exemptions and breaches) during the year? Please list exemptions and breaches.</p> <p>The process relies on open and honest completion of Governance Statement Questionnaires by Accountable Officers. They are, however, challenged by Internal Audit.</p>		
<b>R20</b> Review the threshold for declaring States Members' gifts and hospitality to define a cumulative monetary value received from a single person or organisation.	Response to be submitted separately by the Greffier of the States.	N/A	N/A
<b>R21</b> Revise the gifts and hospitality guidance for States Members to include the requirement to record offers of gifts and hospitality that have been refused.	Response to be submitted separately by the Greffier of the States.	N/A	N/A
<b>R22</b> Revise the gifts and hospitality guidance for States Members to include the requirement to record gifts and hospitality given.	Response to be submitted separately by the Greffier of the States.	N/A	N/A
<b>R23</b> Provide refresher training for all States Members on acceptance and declaration of gifts and hospitality.	Response to be submitted separately by the Greffier of the States.	N/A	N/A
<b>R24</b> Introduce a formal annual review process of States Members' declarations that includes review of the online register and also requires each Member to confirm completeness and compliance of declarations made.	Response to be submitted separately by the Greffier of the States.	N/A	N/A
<b>R25</b> Clarify reporting requirements in respect of compliance with the new Anti-Corruption Policy and any instances of corruption. These should include an	Partially accept. Once the Policy is published and embedded, the Corporate Governance Framework and Governance Statement Questionnaire will be amended to ensure that Accountable Officers are required to	June 2021	Director, Risk and Audit

<p>annual report on compliance as well as specific arrangements in the event of an alleged corruption event.</p>	<p>address compliance. Non-compliance will be reported by the Head of Internal Audit in her annual audit opinion, and any significant matters will be reported in the Corporate Governance Statement within the Annual Report and Accounts It is not agreed that an additional annual report is necessary.</p>		
<p><b>R26</b> Include specific anti-corruption reviews on a more regular basis within future Internal Audit plans.</p>	<p>Internal Audit carried out reviews in 2019 and 2020 on AML (Anti-Money Laundering) and Anti-Corruption which were presented to the Risk and Audit Committee as well as the executive and the C&amp;AG; this is in addition to other audits such as social security payments and procurement tenders including conflicts of interest. The Internal Audit Plan, including the 2021 plan, reviews every year key risk areas in respect to fraud and anticorruption including taxes, social security payments and procurement tender processes. The linkage in the Internal Audit reports to anti-corruption will be more explicit going forward to bring more focus to this area.</p>	<p>Complete</p>	<p>Director, Risk and Audit</p>