

# STATES OF JERSEY



## **£200,000 GRANT TO FILM COMPANY: SUPPLEMENTARY REPORT (P.A.C.1/2014) – RESPONSE OF DEPARTMENTS**

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**Presented to the States on 1st May 2014  
by the Public Accounts Committee**

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**STATES GREFFE**

**£200,000 GRANT TO FILM COMPANY: SUPPLEMENTARY REPORT  
(P.A.C.1/2014) – RESPONSE OF DEPARTMENTS**

**Departments’ Response to:** P.A.C.1/2014

**Review title:** £200,000 Grant to Film Company:  
Supplementary Report

**INTRODUCTION**

Responses are provided as outlined in the table below.

**RECOMMENDATIONS**

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
1	The Chief Internal Auditor should conduct regular internal audits on EDD’s grant expenditure for the foreseeable future with a view to ensuring that the standard of internal controls is improved and maintained over the long term.	Chief Internal Auditor	Accept  Incorporated in the 2014 audit plan.	<p>Internal Audit is in agreement with the comment from the Public Accounts Committee (“PAC”) that: <i>“Internal Audit should conduct regular internal audits on EDD’s (Economic Development Department) expenditure”</i>. EDD’s grants were reviewed in 2013 and will be reviewed in 2014 and 2015 which is reflected in the Strategic Audit Plan (2012 – 2015) (done in conjunction with the Medium Term Financial Plan (‘MTFP’)).</p> <p>Internal Audit agrees that grant payments are a key area to be reviewed across all The States of Jersey departments (which includes EDD in addition to other department grants).</p> <p>The role of Internal Audit is defined within the Internal Audit Charter, as to: <i>“provide assurance to the Corporate Management Board that the States of Jersey’s 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”</i>.</p>	Ongoing

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
				<p>Internal Audit's objective is therefore not to give absolute assurance but to provide assurance on the effective controls within the States of Jersey. It is the Accounting Officer of each department's responsibility to be accountable for compliance with Laws and Financial Directions; for ensuring there are robust procedures and implementation of those procedures. A summary of the 2013 and 2014 agreed Internal Audit Plan is detailed below (the Audited Accounts for 2012 have been used, but the amounts are approximately in line with the 2013 draft unaudited accounts which are not available for publication at the time of this response):</p> <p><b>2013 Internal Audits – Grant Payments:</b>  EDD as per the Audited 2012 Annual Report received grants of £7,190,153, which represents 20.2% of total grants issued in 2012. In addition to the Internal Audit Review of the Canbedone Grant (£50,000 awarded in 2011 and £150,000 awarded in 2012); Internal Audit also reviewed in 2013 grants issued to Digital Jersey and Jersey Business. These audit reports were issued in January 2014 and a number of agreed actions have been put in place by EDD.</p> <p>Further to this, the grant to Jersey Finance represents 52.6% of total grants issued by EDD. Currently Internal Audit are finalising an audit report regarding the grant to Jersey Finance (part of the 2013 Internal Audit Plan) which is due to be issued in quarter 2 2013.</p>	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
				<p>In addition to grants issued by EDD, Internal Audit also in 2013 reviewed grants issued by The Department of the Environment (DoE). The Audited 2012 Annual Report details grants issued by DoE were £954,763, of which £745,324 related to Energy Efficiency Service (78% of the total grant to Department of the Environment). An audit of Energy Efficiency Service Grants was included within the Internal Audit Plan for 2013 (Quarter 4), which is currently in reporting stage.</p> <p><b>2014 Internal Audits – Grant Payments:</b></p> <p>The 2014 Internal Audit Plan was tabled at Audit Committee 25th November 2013 which included an audit of grants for the following departments. The percentage is based on the 2012 audited accounts:</p> <ul style="list-style-type: none"> <li>• EDD in Q3 2014 – 20.2% of total States of Jersey grants issued. Internal Audit will specifically review the following areas: <ul style="list-style-type: none"> <li>○ Quality Milk Payments – £481,910</li> <li>○ Apprentice Scheme – £167,149</li> <li>○ Air Route Development – £194,528</li> <li>○ In addition Jersey Finance Limited will be completed in Q2 2014 as part of the 2013 Internal Audit Plan (which accounts for 52.6% of EDD Grant, £3,784,048).</li> </ul> </li> <li>• ESC Grants Q2 2014 – 32.5% of total States of Jersey grants issued.</li> <li>• Overseas Aid Commission Grants Q4 2014 – 24.8% of</li> </ul>	

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
				<p>total States of Jersey grants issued. This is audited every 3 years as it forms approximately a quarter of the total States of Jersey grants.</p> <p>The 2014 Audit Plan has already been presented at the Finance Advisory Board (Board of all FDs, Chief Internal Auditor and Chaired by the Treasurer) following the presentation to the Audit Committee in November 2013.</p> <p><b>Follow up on Internal Audit Recommendations:</b> Internal Audit have a formal follow up procedure which reviews all “high” recommendations and a sample of all “medium” and “low” recommendations made 6 months after the audit report is issued. This will ensure “that the standard of internal controls is improved and maintained over the long term.” (PAC Report Film Grant).</p> <p><b>Summary</b> Internal Audit within the 2014 agreed Audit Plan have ensured that grants issued by the States of Jersey have been incorporated within the Plan; which includes a number of grant schemes within EDD.</p>	
2	The Council of Ministers should seek legal advice regarding Article 26(1)(c) of the States of Jersey Law 2005 and clarify whether formal delegations of power are needed to authorise Chief Officers to enter	CoM/ CMD	Accept	Legal advice has been requested, with receipt and any consequent required actions prioritised for immediate implementation.	Request for legal advice has been made.

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	into contracts on behalf of their departments.				
3	The Council of Ministers should, within 8 weeks, present to the States revised and suitably updated guidance on Ministerial Decision recording, together with an action plan to enhance the integrity of the decision recording process.	CoM/ CMD	Accept	Detailed guidelines on the recording of Ministerial Decisions were last issued in November 2011. These guidelines will be reviewed with the States Greffe, and presented to the Corporate Management Board and the Council of Ministers, with recommendations for suitable updates, and published and re-issued thereon. Further rounds of staff training will also be provided over the next 6 months. Implementation will take place by 13th May 2014.	13th May 2014
4	The Council of Ministers should, within 12 weeks, present a report to the States confirming that the list of delegated powers on the <a href="#">States of Jersey website</a> is complete, up-to-date and suitably accessible to the public and to all States Members.	CoM/ CMD	Accept	Chief Officers have been asked to ensure that their Departments' delegated powers are outlined in an up-to-date and accurate manner on the States of Jersey website, insofar as they are not already. Arrangements have been made to ensure that the website link to the delegated powers pages has a more prominent position on the website to improve accessibility.	13th May 2014

### **Conclusion**

Responses are provided as outlined in the table above.

### **Public Accounts Committee Comments**

The Committee is pleased to note that its recommendations have been accepted. It nevertheless observes that recommendations 3 and 4 have yet to be executed, and that the legal advice requested as per recommendation 2 has not yet been obtained. In this regard, the Committee looks forward to receiving a further response by June 2014.