



## **Public Accounts Committee**

### **Grants to Canbedone Productions Review**

**MONDAY, 16th DECEMBER 2013**

**Panel:**

Deputy T.A. Vallois of St. Saviour (Chairman)  
Senator S.C. Ferguson (Vice-Chairman)  
Deputy R.J. Rondel of St. Helier  
Deputy G.C.L. Baudains of St. Clement  
Mr. I. Ridgway (Independent Member)  
Mr. R. Parker (Independent Member)  
Ms. K.J. McConnell (Comptroller and Auditor General)

**Witness:**

Chief Executive, States of Jersey

[15:00]

**Deputy T.A. Vallois of St. Saviour (Chairman):**

Welcome to the Public Accounts Committee. If I could ask, for the benefit of the recording and the tape, that you introduce yourself.

**Deputy T.A. Vallois:**

Okay. Just to open up the session, I would just like to make it clear that this is about the process of the grant given to P.A.C. to 2013 a Public Accounts Committee report and referring to the confidential internal audit report that was issued on 7th November internally. I will hand over the first question to Deputy Rondel.

**Deputy R.J. Rondel:**

Thank you. Mr. Richardson, having read the P.A.C.'s report and the subsequent internal audit report, what is your view of the Economic Development Department's handling of the Canbedone grant?

**Chief Executive, States of Jersey:**

I would think both reports highlight that there were areas that could and should be tightened up, which clearly had been addressed and accepted by Economic Development. In the comments that they presented to the Public Accounts Committee and also in the comments section of the internal audit report, they recognised that there were areas that need to be strengthened and certainly need to be looked at for the future when they are looking at the Innovation Fund.

**Deputy R.J. Rondel:**

What has been done, in your view, since then?

**Chief Executive, States of Jersey:**

Sorry?

**Deputy R.J. Rondel:**

What have you done to address any of those?

**Chief Executive, States of Jersey:**

We have now got the code of financial directions 5.5 and 5.1 and I think there might have been some ambiguity between the relationship between 5.5 and 5.1. That has been straightened out and everyone is very clear about that now. In terms of development of project management governance, the recommendations that are in the internal audit report, which Economic Development have accepted, certainly looking at areas of contract administration and contract management and legal advice, I think that is going to be some fairly crucial areas. I suppose the area where I would have concern, but I would certainly think it is going to be an area which needs more work and more consideration, is that risk associated with future grants of this nature, especially where we are looking at allocation of funds that would be the Innovation Fund. I think it is relatively high risk and it is an area that is going to need a lot of very careful attention for the future.

**Deputy R.J. Rondel:**

Okay. Could I just ask specifically, in your view did E.D.D. (Economic Development Department) attempt to pay Canbedone money before having a formal contract in place?

**Chief Executive, States of Jersey:**

I think both reports are pretty clear in terms of the money that was paid over to the Jersey company that was then refunded and then returned and then the money was then paid over at a later date. There were certainly some uncertainties in the way in which that was administered but the fact that the money that was paid over to the Jersey company was then returned and then paid out in the end to the U.K. (United Kingdom) company, in terms of sequencing, after the ministerial decision had been made was an improvement but clearly there was a gap in that early stage.

**Mr. I. Ridgway:**

Excuse me but was that not a case of the cheque being reissued with a different name on it, rather than the original one not cashed because obviously that company had ceased to exist or ...

**Chief Executive, States of Jersey:**

My reading of it was that the cheque was issued to the Jersey company, it was then returned and then it was reissued at some stage later on, which was after the ministerial decision had been signed in end of November.

**Deputy T.A. Vallois:**

Accepting that there were issues with both the process of the grant from both the internal audit report and P.A.C., do you have confidence that in future we have the robust mechanisms that these issues may be mitigated in the future?

**Chief Executive, States of Jersey:**

I have confidence that we can put in place and we need to put in place very strong governance controls. I have confidence that we can put in place risk management. I suppose my area of concern that still rests, there is nothing to do now with the Canbedone film or what went on around it, it is more how the chairman and the board of the Innovation Fund is going to operate to ensure that the risk, which is there, is going to be managed because clearly we cannot be in a position again where officers are sitting in front of yourselves and accountability is there for administration of funds when it is what it says, an Innovation Fund and it is high risk. I have concerns to how that is going to be administered because, inevitably, there will be some further failures in that. I think it is only right that procedures, that lines of accountability and, I use the word, lines are drawn in the sand. But it is very clear that when those failures do occur, and I think they will occur in the Innovation Fund, then it is not right for people to be held to account, as long as all the governance has been administered properly. But I think the governance is going to have to be a lot tighter because of the element of risk that is going to be associated with some of those applications.

**Deputy G.C.L. Baudains:**

I will just raise a comment that I raised in a previous interview, I think you talk about a line in the sand. I think it is important that we draw a line between the risk associated with a venture which may come off or may not come off and the risks associated with arriving at the decision to give that money in the first place because they are 2 completely separate entities. I just thought that ...

**Chief Executive, States of Jersey:**

I completely agree. I use the word carefully about drawing a line in the sand. I think there are issues that you have raised that internal audit have raised that E.D. (Economic Development) have accepted and that moving forward is, I hope, the learning point from this episode. But it does say to me that even with those learning points I do not believe they are enough when we are going forward dealing with grants such as we are going to see in the Innovation Fund. I think it has got to go further and I certainly intend talking to the Chairman of the Innovation Fund early in the New Year to make sure that as they start moving forward the controls they have in place they are satisfied with them, that they are as robust as they possibly can be.

**Deputy T.A. Vallois:**

Can I ask, what is your opinion of the quality of ministerial decisions that Economic Development puts to their Minister to authorise the Canbedone grant?

**Chief Executive, States of Jersey:**

I think looking back in hindsight I would say that obviously there were issues with those that were identified.

**Deputy T.A. Vallois:**

Okay, simpler, is there a particular process? I understand that the Chief Minister's Department is in charge of the ministerial decision process in terms of Livelink, et cetera, checks and balances, is that not correct?

**Chief Executive, States of Jersey:**

No, we do not administer the ministerial decisions. It was established initially by the Greffe.

**Deputy T.A. Vallois:**

Is there a framework that you have in place that you expect of the Chief Officers to abide by for ministerial decisions?

**Chief Executive, States of Jersey:**

I think in most of these circumstances it would be the financial directions and the Accounting Officers' responsibilities. I would expect that any Accounting Officer would abide by them, certainly when we, as Accounting Officers, are advising our Minister on any matters that have got financial implications, then I would expect the Chief Officer to ensure that they are compliant with the financial directions.

**Deputy T.A. Vallois:**

But this money, you need to have a ministerial decision?

**Chief Executive, States of Jersey:**

Well, that is a matter of opinion. I believe that in most cases funds of this nature would have a ministerial decision. Certainly in my department the way in which the scheme of delegation operates, £200,000 would be just on the limit between a non-ministerial decision and a ministerial decision or there certainly would be an outline of bigger contracts.

**Deputy T.A. Vallois:**

Is there a framework or not? What I am trying to ask is, is there a set standard across Chief Officers of the States of Jersey whereby there is a certain limit you expect the ministerial decision to be signed off for or is it just it is up to the Chief Officer whether they write out a ministerial decision or not?

**Chief Executive, States of Jersey:**

Sorry, we are talking about 2 things. There is a scheme of delegation that all departments will have in place in terms of financial limits that everyone can sign up to and I think those will be different in some departments. That would be for the Minister and the Chief Officer or Accounting Officer to set those limits. There are protocols in place that I would expect all departments to abide by, which were, I think, if my memory serves me correctly, were set in 2005 when we went into ministerial government. I think they were revised, I seem to remember, that the Greffe did some work at some stage years ago when we were looking at ministerial decisions to make sure that there was some consistency.

**Deputy R.J. Rondel:**

How would this particular one be covered, under what process?

**Chief Executive, States of Jersey:**

Because it has got financial limits on it, the control or the limit I would expect to be set through the scheme of delegation that would normally set a financial limit under which a Chief Officer and

department will function, over which will go to a ministerial decision, certainly it is how I have experienced it in the past.

**Deputy R.J. Rondel:**

The responsibility for that?

**Chief Executive, States of Jersey:**

Responsibility for that is always set at the very beginning of ministerial government when a new Minister comes in. The first thing that I have always done, since I have been a Chief Officer, is go to the Minister with the previous scheme of delegation and say: "This is our scheme of delegation with all the financial limits that are set for the Chief Officer and all of those officers, going down through the organisation." It is for the Minister to approve those and the Minister is at liberty if they wish to change them.

**Senator S.C. Ferguson:**

Every department has a different sort of definition of the limits of officers. All Chief Officers, it is delegated up to the same limit, a different limit.

**Chief Executive, States of Jersey:**

No, I think it is ...

**Senator S.C. Ferguson:**

It depends on the Minister.

**Chief Executive, States of Jersey:**

It depends on the Minister. Some will have high limits, some will have low limits. I think it is around the £200,000 mark normally. Some will have less, some will have more but it is normally about that sort of figure.

**Deputy T.A. Vallois:**

I am just going to refer to the internal audit report where it says: "The signing of an M.D. (Ministerial Decision) is not required for expenditure such as this. E.D.D. stated this was an additional step for budget allocation in their governance process." Of course, it goes on to talk about risk: "That introducing further governance into a process, without care that such a step to execute it at an appropriate point in the process, may mean such actions are meaningless." I suppose the question I put, what is the point in doing extra work if it has got no meaning to it?

**Chief Executive, States of Jersey:**

I would put it in as being a level or a layer of governance that I think is appropriate. If the scheme of delegation says you have £200,000, in this case the cut off point, if the scheme of delegation is £200,000 ... if I use my own experience of the scheme of delegation is £200,000 and I have signed for £200,000, it is do I take it to the Minister or do I not? In most cases I think I probably would. I think the ministerial decisions are there for the Minister and for the department.

**Deputy T.A. Vallois:**

It sounds a rather messy process.

**Chief Executive, States of Jersey:**

It is certainly not, in my experience. It has worked extremely well since 2005.

**Deputy T.A. Vallois:**

That is the worrying thing, you are saying in your experience but I would expect some kind of standardisation in terms of ministerial decisions because then when you are signing off a ministerial decision you are letting the public know what decisions are being taken at that level. There is an expectation there from the public if they should read that ministerial decision or that ministerial decision should be reported. If it is inconsistent with what is happening, in particular with regards to the contract with Canbedone and this ministerial decision, then it just makes it an absolute mess surely.

**Chief Executive, States of Jersey:**

Certainly I would need to go back and look at what levels are set for the scheme of delegation but, in my experience, it sits around that £200,000 mark ...

**Deputy T.A. Vallois:**

I would appreciate some clarity in terms of ministerial decisions.

**Chief Executive, States of Jersey:**

Yes, I think we need just get that because I am sitting here without knowing what other departments are. I know certainly my department and the T.T.S. (Transport and Technical Services) and the Chief Minister's, that is the level we have worked at.

**Deputy R.J. Rondel:**

Do you think there is a case that the Minister may well have received poorly drafted advice on this particular case?

**Chief Executive, States of Jersey:**

I think the ministerial decision is the decision and it is a very short summary sheet. It is certainly there for the Minister to ask for further reports or further material if they wish. It does happen and certainly happens in my previous department. It has happened in my current Chief Minister's Department. Sometimes the Chief Minister will say: "This needs to be satisfied" or: "I want some more information" so we will provide more information.

**Deputy R.J. Rondel:**

Do you think, in your view, that should have happened in this instance?

**Chief Executive, States of Jersey:**

Again, in hindsight, in relation to the material that was presented, then one would expect that appropriate questions are asked and the Chief Officer or the officer taking the decision to a Minister can demonstrate that due diligence had been carried out.

**Deputy R.J. Rondel:**

Do you think that happened in this case? That is what I am trying to ... having read ...

**Chief Executive, States of Jersey:**

It is very easy for me to comment now because of hindsight and 2 reports.

**Deputy R.J. Rondel:**

Yes, based on those reports.

**Chief Executive, States of Jersey:**

There clearly were areas where both reports have highlighted issues that E.D. have agreed with that more could be done or it could be better in the future.

**Deputy R.J. Rondel:**

You agree.

**Chief Executive, States of Jersey:**

What I am saying is that if I was sitting there at the time my question would be, were they able to demonstrate that all the due diligence had been done? Clearly from these reports there were areas where it could have been better.

[15:15]

**Deputy T.A. Vallois:**

Can I ask, Chief Executive, you are in charge of the H.R. (Human Resources) Department, is that correct?

**Chief Executive, States of Jersey:**

Yes.

**Deputy T.A. Vallois:**

It was mentioned in the last hearing with the Treasurer that training and development will be a big part of ensuring that this kind of thing will not happen again. Can I ask, what training and development was in place, if any and, if not, why?

**Chief Executive, States of Jersey:**

I think the area we are moving into ... I will cover that first and I will look back afterwards. I think it is recognised that across the States we need a more consistent approach to public money and I would see this as being no different to a project and many others that we undertake in the States. There are some pockets of very good project management in the States and there are some areas that obviously could benefit from better project management. One area we will be looking at and certainly aiming to introduce in early 2014 is a more consistent approach to project management, probably adopting one of the fairly well-trodden project management and programme management routes. I think it will be PRINCE methodology but we just need to look at that because there is a main one and there is a lighter version probably appropriate for our requirements. But it is in that consistent approach, so whether it is Canbedone Productions or whether it is any other programme or project then we will have that consistency and that can be developed and trained all the way down. That is looking ahead. Looking back, every Chief Officer and Accounting Officer is issued with financial directions. The appointment as Accounting Officer is very clear in terms of compliance with accounting with financial directions. It is reasonable to expect that Chief Officers and their senior officers and finance directors will be familiar with the content of them and will then comply with them.

**Deputy T.A. Vallois:**

How can you expect a Chief Officer to comply with financial directions if they have not been trained or developed within financial directions?

**Chief Executive, States of Jersey:**

Chief Officers were provided with financial directions in 2005, is it, when they came out? Whenever they are redrafted they are always sent round in draft for comment, so they should be well read before they get to implementation stage.

**Deputy R.J. Rondel:**

But there is no training.

**Chief Executive, States of Jersey:**

I think there was training very early on. I seem to remember having a session with finance directors but this is going back to 2005, it is a long while ago.

**Deputy T.A. Vallois:**

If you gave me a document and I read it, that would mean that I would be trained in whatever the document you gave to me? That is the way the answers are coming across. What I am trying to understand is what we are being told is that to assure us that this kind of thing will not happen again and ensure that financial directions are complied with, that training and development is needed. But then I am being told that the training and development that is happening is a document is being put in front of somebody and it is being read and it is fine. To me, I want assurance, I think the public deserve assurance, that when processes are in place they are going to be complied with and that there is an understanding there. Yes, people make mistakes and I think we are all aware of that and there are issues. But what we are trying to do here is seek assurance from those in charge of implementing our policies and our legislation that proper robust processes and training is in place. Would you not agree?

**Chief Executive, States of Jersey:**

I agree with training in place and I think if a Chief Officer or a senior officer, who has delegated authority, has difficulty understanding financial directions or requires training, then finance directors are well versed in the financial directions and there to provide assistance. I struggle a little bit with the concept of going on a training course when finance directors are very well versed in financial directions. I would expect the training more to be one-to-one where the Chief Officer or officer delegated would sit down with the Financial Director of that department and make sure that they go through the financial directions, that they fully understand them.

**Senator S.C. Ferguson:**

Yes, but if the finance director finds that the Chief Officer does not understand and has not got a hope in anything of understanding, being in a subsidiary line-management position, they are not in a position to make any comment or anything like that. It is not a very satisfactory way to train people, is it?

**Chief Executive, States of Jersey:**

Then I think the finance director has words perhaps with the Treasurer or could obviously bring it to the Treasurer's attention that maybe someone does not appear to fully understand, that there is another route that they could operate on.

**Deputy G.C.L. Baudains:**

Do you have any process to ensure that the financial directions are understood? Does anybody have to sign a form saying: "I have read and understood this" a simple thing like that?

**Chief Executive, States of Jersey:**

I think the Accounting Officer letter is very clear that you have to understand and comply with them. It is your responsibility to ensure that you do. I would expect if someone reads them and does not understand them to seek guidance. The Treasurer is there to provide guidance and the finance directors are all there as part of their role and the annual Statement of Internal Control is there as another check to make sure that compliance is there and opportunities are there to discuss any matters.

**Deputy R.J. Rondel:**

Thank you. I think you have partly answered this but what action are you taking to satisfy yourself that E.D.D.'s standards of administration in this particular case will improve from now going forward?

**Chief Executive, States of Jersey:**

The financial directions I think are clear. I know the Chief Officer has spoken to all of his staff to ensure they understand and they are fully versed with financial directions. I do think there is some more work to be done, as I said earlier, about the levels of governance when we are going into the Innovation Fund and I do believe that is a high-risk area. My experience of the finance directors is they are very knowledgeable of the financial directions and they are there to provide guidance and assistance or a combination of clarity from the Chief Officer to staff, provision of assistance from the finance directors, as required, to staff and what I think is a general area of saying: "We are going into an Innovation Fund, there needs to be some very clear governance" then those 3 factors should contribute towards making sure that we do not have a repetition of this one.

**Deputy R.J. Rondel:**

What role, if any, did you have in the setting of the scope of the internal audit report on this particular grant?

**Chief Executive, States of Jersey:**

That came about because obviously your report had been issued and the Treasury were planning to do a review of grants anyway. It was timely to bring it forward and to do it at that stage. The Chief Internal Auditor did discuss the scope with me early on and the scope was agreed at that time.

**Deputy R.J. Rondel:**

Did you have any particular input into that?

**Chief Executive, States of Jersey:**

They were certainly circulated to me for comment and I was satisfied with the framework or the direction that they were going in.

**Deputy R.J. Rondel:**

You did not have any particular comments on that.

**Chief Executive, States of Jersey:**

I do not recall passing any written comments back to them.

**Deputy R.J. Rondel:**

Verbal comments?

**Chief Executive, States of Jersey:**

No, I do not recall any. I remember seeing them because I was in discussion with them very early on about the review and bringing it forward so that it coincided with your report.

**Deputy R.J. Rondel:**

Okay, so you were satisfied with them.

**Chief Executive, States of Jersey:**

I was satisfied with that.

**Deputy T.A. Vallois:**

With regards to the scope of the audit: "The scope of work included the review or the following key areas and one, in particular, was to review the findings and recommendation raised in the P.A.C. report to ascertain if reasonable and based on fact." Can the P.A.C. be assured that neither you nor anyone else in the Executive will ever again use the Chief Internal Auditor to question the

reasonableness and evidence base of a P.A.C. report, seeing as we report to the States Assembly?

**Chief Executive, States of Jersey:**

I am going to refer you, Chair, to the next bullet point. It seems to be a terminology they used that was exactly the same, it said: "Ascertain if reasonable and based on fact, which was that E.D.D. response to P.A.C.." The terminology ...

**Deputy T.A. Vallois:**

Yes, but we are a parliamentary committee, Chief Executive, we are not a department.

**Chief Executive, States of Jersey:**

I accept that and the terminology might need tightening a little bit but they seem to have used the same terminology in the direction from one report and vice versa in the other one. But I accept your comment that ...

**Deputy T.A. Vallois:**

Internal audit should not be reviewing a parliamentary committee.

**Chief Executive, States of Jersey:**

Internal audit should not be reviewing a parliamentary committee but then equally they need to make sure that all the points raised have been covered because you could end in a situation where one raised points and the other one did not. You need to be clear about and what implication would they have?

**Senator S.C. Ferguson:**

You mean you are implying that you do not think our points raised will necessarily be factual.

**Chief Executive, States of Jersey:**

No, I did not say that. I definitely did not say that. I said it was possible for one audit to have raised points that another audit might not have.

**Deputy T.A. Vallois:**

I just want to explore the issue of this Innovation Fund slightly. There seems to be great concern surrounding this Innovation Fund now. It was both expressed by the Treasurer and yourself. But neither seem to explain to the P.A.C. what such robust framework is going to be put in place for the Innovation Fund.

**Chief Executive, States of Jersey:**

I think that is something that has got to be developed very early in the New Year.

**Deputy T.A. Vallois:**

How long will it take to develop? The Innovation Fund is something that has been on the table since 2011, discussed at least.

**Chief Executive, States of Jersey:**

The Chair has only recently been appointed and, as I say, I think it is something that we have to look at very closely now and work with the Chair and the Innovation Fund to identify what mechanism and what procedures are going to be put in place and what contracts are going to be put in place, what legal binding there can be on those contracts, to ensure that the money that is put at risk through the allocation of funds in the Innovation Fund are protected where those possibly can be.

**Deputy R.J. Rondel:**

Are you saying they will not be able to operate until such time as you go through that process?

**Chief Executive, States of Jersey:**

I would certainly want to be satisfied that the methodology applied by the board from the Innovation Fund are ...

**Deputy R.J. Rondel:**

What timeframe do you think?

**Chief Executive, States of Jersey:**

My plan is to meet the Chair early in January to ascertain that everything is in place because, ultimately, the legal responsibility still sits with the Minister and the Accounting Officer responsibility still sits with the Accounting Officer. As I said at the beginning, there are lessons to be learned from your report and the internal audit report. We need to make sure that going forward, what I consider to be a high-risk area in the Innovation Fund, all of this is taken on board and anything else that needs to be strengthened is put in place.

**Deputy G.C.L. Baudains:**

Is that not going to ...

**Deputy R.J. Rondel:**

Do you think this could delay the function of the Innovation Fund by 3 or 4 months?

**Chief Executive, States of Jersey:**

I would hope that it is not delayed by 3 or 4 months and the Chair was appointed only recently, so it should be a case of making sure that with the experience of the Chair and the board they should be able to bring that experience to bear to make sure they are building all the safeguards that are required.

**Senator S.C. Ferguson:**

What provision will you be making for due diligence?

**Chief Executive, States of Jersey:**

That is exactly the question that we have got to ask and discuss with the Chair. If it is a new Innovation Fund it is what level of experience, what levels of surety and equity do the people coming forward have in order to provide any protection. It could be that we are going forward with allocation of public funds where those applying for them have very little in the way of surety and that is where the risk is going to be.

**Mr. I. Ridgway:**

What guidance will you be giving over the risk appetite of the fund?

**Chief Executive, States of Jersey:**

Sorry?

**Mr. I. Ridgway:**

What guidance will you be giving over the risk appetite of the fund? How risky the decisions will you be allowing them to make?

**Chief Executive, States of Jersey:**

As I said at the beginning, I think the Innovation Fund is relatively high risk and I think there has certainly got to be a combination of due diligence of those applying for it, whatever surety is available. What level of assets do they hold? Is the board going to be able to tie those assets up if they hold assets? What legal protection can be put in place or contracts put in place? It is an area that I think needs to be looked at very closely. The concept has been approved by the States, so we need to move forward with it. But I do think we need to make sure that there is protection in place to protect public funds as far as possible.

**Deputy G.C.L. Baudains:**

You spoke at the beginning of the line in the sand. I presume that when you draw up these new processes and procedures you will be able to draw a line so that, as you said, the Innovation Fund

is going to be in a high-risk area and some projects are going to fail, that officers are not held accountable for those failures as long as they follow the procedures getting to the point that money is forwarded.

**Chief Executive, States of Jersey:**

Absolutely, I think that is exactly the point, is the procedures and the governance are going to need to very clear.

[15:30]

There needs to be appropriate checks and balances in place so that an officer who is recommending finally the allocation of funds or the board are recommending them, can demonstrate that they have been through that process themselves, that they have conducted that due diligence on their own process to check that everything is in place because as the fund is then allocated then the risk goes across to the recipient but they have to make sure that they have done everything they possibly can.

**Mr. R. Parker:**

The question is, what is the degree of control if you end up with forms that have been properly followed and so forth? It is the quality of information that people have been able to glean and it is going that extra step in looking into something, rather than filling the forms and so forth. What sort of checks and balances are there in the system or accountability of Chief Officers, say, reporting to yourself as Chief Executive?

**Chief Executive, States of Jersey:**

The check and the balance, ultimately, is under the Finance Law it is the Accounting Officer who has that accountability. But I expect Accounting Officers to act in a way that does provide those checks and balances. The question has got to be asked of anyone who is dealing with a project such as this is they have got to be very clear going into it that they have tightened up or they have put the procedures in place, that can demonstrate for themselves that if one of these projects does fail, the Innovation Fund, that they can demonstrate due diligence and that they have gone that extra mile, so that when it fails that those officers are not sitting in front of you or held publicly accountable for the failure. I think it is something ...

**Mr. R. Parker:**

I am interested in the structure because earlier you were talking about your department and you were talking about the signing levels within departments, you said that was down to the Minister. The question is, to what degree do Chief Officers have to report to you as Chief Executive

because obviously in the private sector there is a certain term ... a Chief Executive is someone who has responsibility for those people beneath them and there is an accountability of those people to that Chief Executive? I am very interested to know how the system works in the States.

**Chief Executive, States of Jersey:**

We have 3 pieces of legislation to consider and compartmentalise for a second. You have got the States of Jersey Law that makes the Minister legally accountable, the legal entity for his or her department - the Ministry. We have the Finance Law that makes the Chief Officer the Accounting Officer for the respective department and the budget and allocation, et cetera.

**Deputy T.A. Vallois:**

The only one that the Treasurer appoints is Accounting Officer.

**Chief Executive, States of Jersey:**

The Treasurer or the Minister for Treasury and Resources appoints the Accounting Officer through a formal letter of appointment. Then you have the States of Jersey Employees (Jersey) Law 2005 that makes me head of the public service but it does not make me overall accountable for the financial management because that is the Public Finances Law that does that, which then, through the Minister for Treasury and Resources through the letter of appointment, makes the Chief Officer the Accounting Officer. The way I look at it, the States ...

**Deputy G.C.L. Baudains:**

You are accountable for nothing.

**Chief Executive, States of Jersey:**

No, I do not think that is correct actually.

**Deputy T.A. Vallois:**

The Treasurer is the Executive for the States.

**Chief Executive, States of Jersey:**

I think that is where the problem sits is that the States of Jersey Law that clearly defines the Minister as the legal entity for that department and the appointment of the Accounting Officer for the administration of funds that are allocated in that regard, those 2 marry together quite nicely because there is a fairly clear relationship there between the Minister and the Chief Officer and the Accounting Officer responsibilities. The Employment of States of Jersey Employees Law, which I think you could argue one way sits on top of that, could put them in conflict because the wording in there, and I do not have the law with me today, is head of the public service and there is provision

for administration and ... I cannot remember the words now but, effectively, there is a line there that it does not make me, as Chief Executive, the overarching Accounting Officer who is accountable for those 2 other pieces.

**Mr. R. Parker:**

Probably the word Chief Executive, it probably should be, what is it, Chief Secretary or Chief Officer of the Chief Minister's because the situation is that there are these laws there? If someone breaks those laws or anything like that, where is the real accountability? Who enforces when something is broken?

**Chief Executive, States of Jersey:**

When it comes to the Public Finances Law then clearly the Public Finances Law is in place, as we have discussed. But there are other laws, like Health and Safety at Work Law that definitely does come down from the States Employment Board as the employer and the Health and Safety at Work Law will then cover through delegation to me to the Chief Officer. In that line there is a clear line of accountability and there is no question about that. But the Finance Law, because of the way it is structured, does appear to put that slight divide in place. It has been something we have all grappled with since 2005 and you have to be quite clear about the roles and responsibilities.

**Mr. R. Parker:**

Do you think that is an effective way for us or a modern organisation to work in going forward?

**Chief Executive, States of Jersey:**

I think it is something that needs clarifying at the right time when the machinery of government ... when there is a change in ministerial government, I think it does need clarifying.

**Deputy T.A. Vallois:**

Okay, has anybody else got any questions? Thank you very much for your time.

**Chief Executive, States of Jersey:**

Right, thank you very much.

[15:36]