

# Government support to businesses during the COVID-19 pandemic – Other Schemes

24 November 2021

# Contents

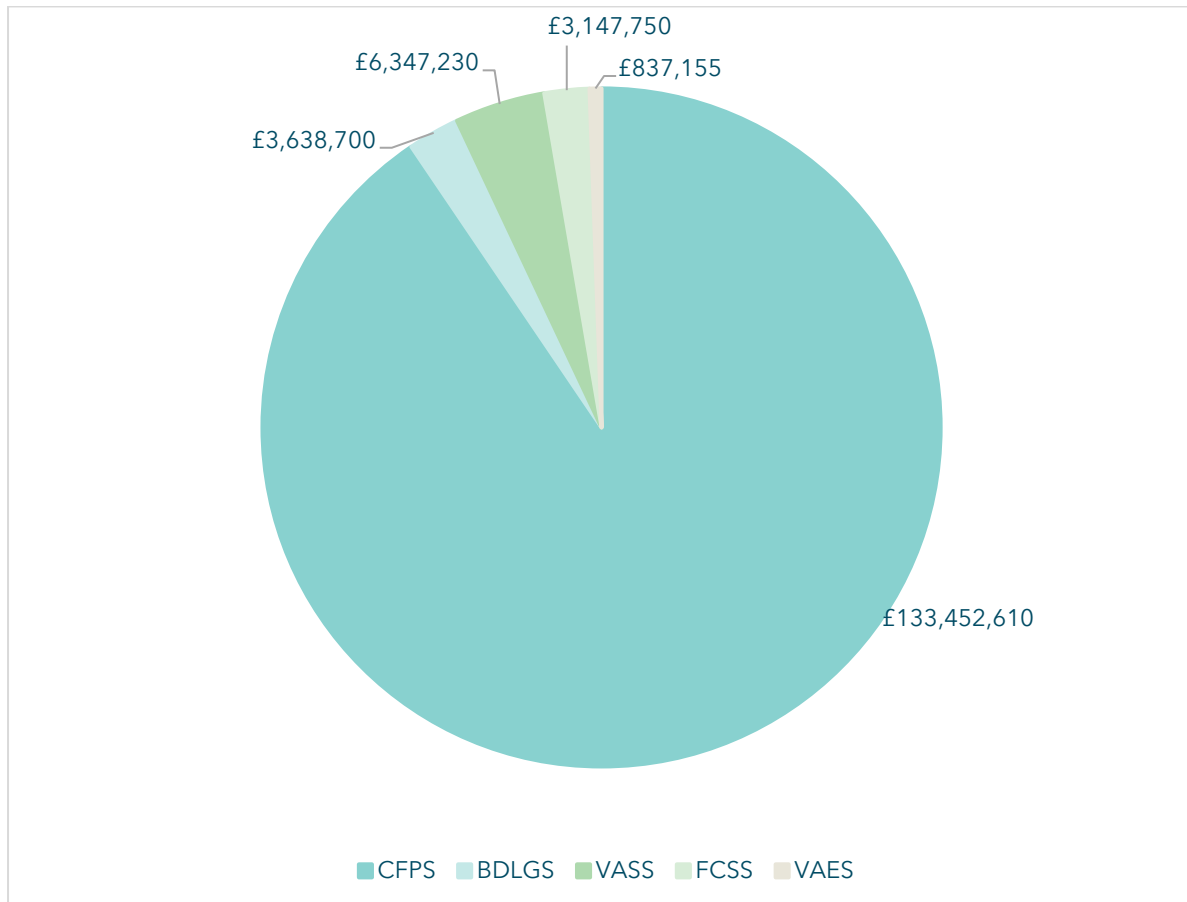
Summary .....	3
Introduction.....	3
Key findings.....	5
Conclusions.....	8
Objectives and scope of the review .....	9
Detailed findings - Business Disruption Loan Guarantee Scheme .....	10
Scheme objectives, business case and decision making .....	10
Design and operation of the control framework .....	14
Monitoring and reporting.....	17
Detailed findings - Visitor Accommodation Support Scheme .....	19
Scheme objectives, business case and decision making .....	19
Design and operation of the control framework .....	22
Monitoring and reporting.....	23
Detailed findings - Fixed Costs Support Scheme .....	25
Scheme objectives, business case and decision making .....	25
Design and operation of the control framework .....	29
Monitoring and reporting.....	30
Detailed findings - Visitor Attractions and Events Scheme.....	32
Scheme objectives, business case and decision making .....	32
Design and operation of the control framework .....	37
Monitoring and reporting.....	38
Appendix One.....	39
Audit Approach .....	39
Appendix Two .....	41
Summary of Recommendations.....	41

# Summary

## Introduction

1. The rapidly evolving nature of the COVID-19 pandemic has called for an extraordinary response from Government as it has sought to save lives and protect health and livelihoods in Jersey. The principles of good governance, transparency, value for money, effective internal control and accountability for the use of public funds remain fundamental during a time of emergency. Whilst public financial management systems need to be responsive and flexible, it is essential that they continue to ensure value for money and minimise the risk of fraud and corruption.
2. An important part of the Government of Jersey's response to the COVID-19 pandemic was the introduction, at pace, of schemes to provide financial support to businesses and individuals on the Island. The Government's initial measures to assist local businesses and preserve Islanders' livelihoods, were announced within 24 hours of the categorisation of COVID-19 as a pandemic by the World Health Organisation. The schemes that were introduced in the initial stages of the COVID-19 pandemic included the Co-Funded Payroll Scheme (CFPS), the deferral of Goods and Services Tax (GST) and Social Security contributions and the Business Disruption Loan Guarantee Scheme (BDLGS).
3. As the COVID-19 pandemic continued during 2020, more schemes were introduced to provide direct support to businesses, including the Visitor Accommodation Support Scheme (VASS), the Fixed Costs Support Scheme (FCSS) and the Visitor Attractions and Events Scheme (VAES).
4. The introduction of these schemes to support businesses and individuals was undertaken at scale and pace, placing a significant burden on officer resources.
5. Of the schemes introduced to provide support to businesses, the CFPS has seen the greatest volume of claims from businesses. The value of support provided under the CFPS is far greater than all the other schemes combined. Exhibit 1 provides more details.

**Exhibit 1: Value of direct support provided to businesses during the COVID-19 pandemic from April 2020 to June 2021**



Source: Jersey Audit Office analysis using Statistics Jersey data

6. In a series of reviews, I am evaluating the Government’s response to the COVID-19 pandemic. This report evaluates the robustness of the processes and controls for the design and implementation of four schemes – BDLGS, VASS, FCSS and VAES.
7. The BDLGS went live on 1 April 2020 with the aim of helping businesses seeking to access working capital loans to manage COVID-19 related disruption. The BDLGS allowed banks to extend financing to businesses that are viable but where the banks cannot lend on normal commercial terms. The BDLGS was operated through clearing banks with the Government underwriting 80% of the value of each loan provided by the clearing bank.
8. The VASS was introduced in October 2020 to provide additional support for the Island’s Registered Accommodation Providers. The VASS provides Government subsidy to businesses with the objective of ensuring that the Island maintains quality and diverse bed-stock for the 2021 tourism season and beyond.
9. The FCSS was announced in February 2021 and was backdated to January 2021. The FCSS provides a Government contribution towards a business’s fixed costs

where they have been impacted by COVID-19 related public health measures, including two metre physical distancing.

10. The VAES was announced on 5 January 2021 and was introduced to avoid sudden structural change in the visitor economy due to key events and attractions providers ceasing to trade. The VAES provides Government subsidy to support businesses operating in this sector with the aim of enabling qualifying events and attractions providers to continue trading in 2021.
11. My review of focusses on the following aspects of each scheme:
  - scheme objectives, business case and decision making
  - design and operation of the control framework; and
  - monitoring and reporting.
12. As noted above, the Government also introduced CFPS to support business and the COVID-19 Related Emergency Support Scheme (CRESS) to support individuals during the COVID-19 pandemic. I have undertaken specific reviews in respect of the CFPS and CRESS, the results from which are reported separately.

## Key findings

13. The key findings from my review are as follows:

### All schemes

- schemes to support businesses have been developed and implemented at pace with appropriate consideration given to risk
- there have been instances where public announcements have been made in respect of a particular phase or extension of a scheme before a supporting business case had been drawn up and a formal Ministerial Decision approved. In these announcements the status of the announcement and related Ministerial Decision have not always been clear
- some scheme extensions have been implemented in situations where the overall cost of the scheme including the extension was not expected to exceed the original funding allocation. Consequently, the decisions to extend did not strictly fall into the category of decisions required to be made under the Ministerial Code of Practice and no formal Ministerial Decisions were recorded for the extensions. I consider however that a decision to extend a scheme is a separate and different decision to a decision to introduce a scheme with a fixed

end date and a fixed funding allocation. In my view it would have been prudent to record a formal Ministerial Decision to document the rationale for each of the extensions given that they are a matter of public interest, and in that regard could be considered as 'significant'

- in some instances, schemes have been introduced following formal Ministerial Instructions issued as a result of reservations expressed by Accountable Officers
- a key control in many of the schemes implemented is a system of post payment audit testing. In some instances the post payment audit testing is only just starting or is yet to take place. In my view the risk of error and fraud would have been better managed by undertaking the post payment audit checks on a more timely basis. By the time checks are now reported it could be many months after the relevant payment was made. This time lag creates a greater risk in respect of the ability to recover any overclaims made; and
- as the schemes are still in operation, it is too early to conclude whether they have been successful in meeting their intended objectives. The amounts claimed to date for all schemes are significantly less than the funding initially allocated.

## BDLGS

- Jersey's BDLGS was designed alongside the Isle of Man and Guernsey and was largely aligned across these Crown Dependencies
- a business case for the BDLGS was not deemed necessary as the authority to provide guarantees was given under Public Finances (Amendment of Law) (Jersey) Regulations 2020. In my view, the criteria for preparing a business case should however be amended to include schemes which expose the States to a potential liability of more than £100,000
- the Ministerial Report that accompanied the decision to introduce the BDLGS set out the rationale, scope and key terms. It did not however articulate the risks and mitigating controls of the scheme, the resources relating to administration of the scheme or the administrative requirements and controls of the scheme. Notwithstanding the role of the lending banks in risk mitigation, I would expect Ministers to have been alerted to the risks and how they were mitigated
- the BDLGS Operational Control Document (OCD) summarising the risks, processes, controls and officer responsibilities relating to the BDLGS was dated

August 2020, four months after the introduction of the BDLGS and after the majority of the loans under the BDLGS had been approved

- the take up of the BDLGS has been much lower in practice than the £40 million for guarantees initially authorised by the Government. Initial take up grew in the first three months of the scheme, levelling out in January 2021, followed by a slight uptick in March 2021. The total value of loans issued under the BDLGS is £3.6 million to June 2021; and
- although no evaluative measures were identified in relation to assessing the success of the BDLGS from the outset, the BDLGS has delivered what it intended and provided otherwise viable businesses with access to Government backed loans during the COVID-19 pandemic.

### VASS

- as at the end of July 2021, 440 claims had been paid totalling just over £6.6 million. This is lower than the £9.4 million total cost estimated in the original business case for the first phase of the VASS; and
- a suitable control framework has been established for VASS although there has been limited post payment checking carried out to date.

### FCSS

- the FCSS was implemented following the issue of a Ministerial Instruction
- actual FCSS claims have been significantly lower than the allocated funding of £9,532,000. The value of claims to 31 July 2021 totals £3,241,550; and
- whilst a suitable control framework has been established for FCSS, it includes post payment audit checking which has yet to be completed.

### VAES

- the VAES was implemented following the issue of two Ministerial Instructions
- actual VAES claims have been lower than the allocated funding of £1.5 million. The value of claims to 31 June 2021 totals £837,155; and
- a suitable control framework for VAES has been established including post payment audit sample checks. Post payment audit checks have been carried out and have not identified any fraud or error.

## Conclusions

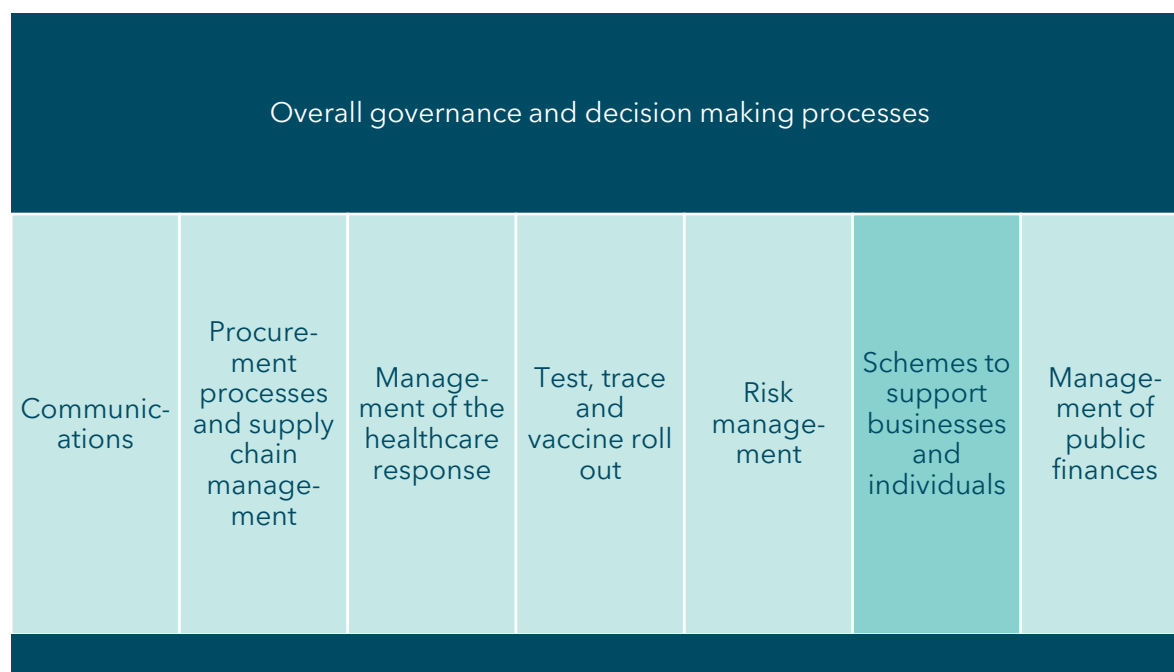
14. The Government moved quickly to develop and implement a suite of schemes to support the business sector. Businesses have used the schemes for support during the COVID-19 pandemic although not to the degree anticipated when the schemes were introduced.
15. It is important for Government to complete its planned post payment audit checks as soon as possible in order to recover any monies claimed fraudulently or in error. There remains a risk that errors and fraudulent payments are yet to be identified and that, if they are, it could be more difficult to recover monies due to the time lag since payment. It is also important for Government to undertake formal evaluations as the schemes end to assess the effectiveness of the individual schemes in meeting their planned objectives.



# Objectives and scope of the review

16. The review is part of a series of reviews I am undertaking looking at the Government's response to the COVID-19 pandemic as shown in Exhibit 2.

Exhibit 2: C&AG reviews of the Government response to the COVID-19 pandemic



17. As noted in the introduction, the Government of Jersey introduced a number of schemes to support businesses and individuals on the Island during the COVID-19 pandemic. The objectives of this review relate to four schemes - BDLGS, VASS, FCSS and VAES - which were put in place to support businesses.
18. The review has evaluated the robustness of the processes for the design and implementation of internal controls in respect of these schemes. It considers:
- scheme objectives, business case and decision making
  - design and operation of the control framework; and
  - monitoring and reporting.
19. The decision making aspect of the review was restricted to considering the specific Ministerial Decisions in respect of the four schemes. Other aspects of decision making including decision making structures and controls in respect of matters such as conflicts of interest will be considered in my separate review of overall governance and decision making. The review approach is explained in detail in Appendix One.

# Detailed findings – Business Disruption

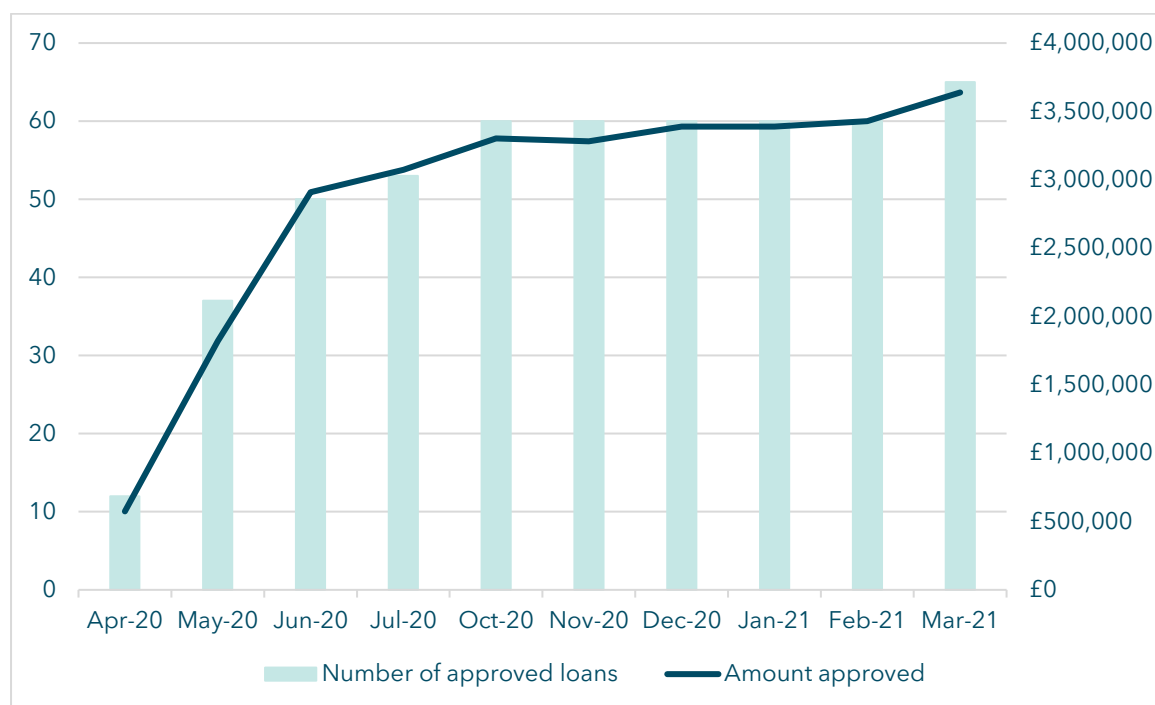
## Loan Guarantee Scheme

### Scheme objectives, business case and decision making

#### Scheme objectives

20. The BDLGS took effect from 1 April 2020. It was operated through clearing banks with working capital support provided to viable businesses through access to Government guaranteed borrowing of between £5,000 and £500,000. When launched, the BDLGS was available to businesses with a turnover of less than £10 million, excluding financial and professional services, real estate, property development or property investment (unless the borrower was a trading entity solely providing services to or for the development of property), public sector utilities and charities. The Government would guarantee 80% of the value of the loan provided by the clearing bank.
21. Jersey's BDLGS was designed alongside the Isle of Man and Guernsey and was largely aligned across these Crown Dependencies.
22. The take up of the BDLGS has been much lower in practice than the £40 million of guarantees initially authorised by the Government. Initial take up grew in the first three months of the scheme but then levelled out in January 2021, followed by a slight uptick in March 2021. The total value of loans issued under the BDLGS is £3.6 million to 30 June 2021. Exhibit 3 provides more details.

### Exhibit 3: Number and value of BDLGS loans



Source: Jersey Audit Office analysis of Statistics Jersey data

23. The 2020 Annual Report and Accounts for the States of Jersey disclosed that there had been no defaults on the loans guaranteed at 31 December 2020. The Annual Report and Accounts further disclosed that *'default rates in equivalent non-pandemic business and commercial loans have been historically very low (1%), reflecting a conservative lending appetite of all the banks. No liability has been recorded in the accounts as at 31 December 2020'*.

### The business case and decision making

24. Government sought feedback from the local business community on the early impact of COVID-19. However, no minutes were kept of the meetings and forums held with the business community. The Economic Task Force met on 14-15 March 2020 to discuss the issues and risks that COVID-19 presented to various business sectors.
25. The Government announced in March 2020 that it intended to support businesses during the pandemic. The specific intention to launch the BDLGS was made on 18 March 2020 prior to the formal launch on 30 March 2020 and the 'go live' date of 1 April 2020.
26. The 18 March 2020 announcement stated that the BDLGS would support new bank lending, through loans and overdrafts, to businesses through a Government of Jersey guarantee arrangement. The initial value of the scheme was to be

£50 million. This announcement followed a meeting of the Emergencies Council; however it was in advance of the formal Ministerial Decision. There is a risk that the early announcement limited scrutiny, debate and consideration of alternative measures. The early announcement may also have raised expectations in relation to the amount and speed of guarantees before a Ministerial Decision was formally approved.

27. The Assistant Minister for Treasury and Resources formally approved the Ministerial Report and Decision for the BDLGS on 1 April 2020. This decision authorised up to £40 million of guarantees to be provided to Jersey banks under the BDLGS which underwrites 80% of £50 million of new credit. To support the Ministerial Decision, the Assistant Minister was provided with a Ministerial Report, the Heads of Terms and the Contract. As part of the development of the BDLGS, a business case was prepared but was not formally approved. Under Public Finances (Amendment of Law) (Jersey) Regulations 2020 the Assistant Minister for Treasury and Resources authorised up to £40 million of guarantees to be provided to Jersey banks under the Jersey BDLGS. This authorisation expired on 30 September 2020. All guarantees subsequent to 30 September 2020 are made by the Minister for Treasury and Resources under section 28 of the Public Finances (Jersey) Law 2019 which enables the Minister to issue guarantees of up to £3 million during a financial year.
28. A business case for the BDLGS was not deemed necessary as the authority to provide guarantees was given under Public Finances (Amendment of Law) (Jersey) Regulations 2020. This is in line with the regulatory framework (in R23/2020 and R80/2020) which requires business cases to be prepared for funding requests (i.e. expenditure) greater than £100,000. In my view, the criteria for preparing a business case should be amended to include schemes which expose the States to a potential liability of more than £100,000. Although an immediate allocation from the General Reserve was not required in respect of the BDLGS, an allocation may have been required in the event that defaults occurred.
29. A business case was initially prepared, however it was not completed nor formally approved. As noted above, the Assistant Minister was provided with a Ministerial Report, the Heads of Terms and the Contract to support the Ministerial Decision to approve the BDLGS. Approval was given on 1 April 2020.
30. In general terms, Ministers acknowledged the heightened risks, including the risk of fraud, of working at speed and without the time to review and stress-test the new procedures.
31. The Ministerial Report dated 30 March 2020 set out the rationale, scope and key terms of the BDLGS. This report noted that:

- the BDLGS would provide guarantees to Jersey banks of up to £40 million in total
  - the scheme would be managed by the Treasurer of the States
  - legal advice had been taken on the competition and state aid implications of the scheme; and
  - consultation with the Jersey Competition Regulatory Authority had confirmed that no exemption was required under article 12 of Competition (Jersey) Law 2005.
32. The report does not set out several areas that may normally be included in a business case such as:
- the risks and mitigating controls of the scheme
  - the resources relating to administration of the scheme; and
  - the administrative requirements of the scheme.
33. The Assistant Minister for Treasury and Resources countersigned the contracts with five banks prior to their effective date of 3 April 2020.
34. On 13 May 2020 the Assistant Minister for Treasury and Resources approved a Ministerial Decision to extend the BDLGS to all businesses regardless of size or turnover, subject to contract amendments being signed with the banks. A Ministerial Report accompanied this Decision. The report contained details of the purpose of the decision, key risks and mitigations, the scope and key terms and the state aid and resource implications. The report does not however include consideration of administrative resource implications of the BDLGS, rather it focusses on the direct implications of the loans to the Government of Jersey finances.
35. An extension to the BDLGS was announced on 15 May 2020. On 25 September 2020, the scheme was further extended to 31 December 2020. No new facilities were approved or drawn down during the extension period to 31 December 2020.
36. A further Ministerial Report was prepared to accompany the Ministerial Decision to extend the term of the BDLGS to 31 December 2020. This report sets out the legal position, the performance of the BDLGS, the decision options and the resource implications, including discussion of the impact of giving guarantees and indemnities and the associated staffing implications.

37. On 17 December 2020, the Minister for Treasury and Resources approved a Ministerial Decision to extend the BDLGS to 31 March 2021. On 29 March 2021, the Minister for Treasury and Resources approved a further Ministerial Decision to extend the BDLGS to 30 June 2021.
38. The Ministerial Reports prepared to accompany the Ministerial Decisions to extend the term of the BDLGS to 31 March 2021 and then subsequently to 30 June 2021 also set out the legal position, the performance of the scheme, the economic outlook, the decision options and the resource implications.
39. On 1 July 2021, an extension of the BDLGS to 30 September 2021 was announced. This followed a Ministerial Decision approved on 30 June 2021. On 30 September 2021, a further Ministerial Decision extended the BDLGS to 31 December 2021.

## Recommendations

- R1 Introduce enhanced controls to ensure that public announcements provide clarity as to the status of the announcement and related Ministerial Decisions.
- R2 Review the criteria for preparing a business case to include schemes which expose the States to a potential liability of more than £100,000 (such as guarantee schemes).
- R3 Introduce a requirement for a formal Ministerial Decision to be taken to extend schemes that have been established with a fixed end date.

## Design and operation of the control framework

### Operational plan

40. The Government of Jersey worked with banks and with other Crown Dependencies to develop a scheme that could be used by all of the Crown Dependencies involved. The banks and the Government of Jersey appointed lawyers to act for them. The BDLGS shares many of the objectives of the UK Bounce Back Loan Scheme which was being developed in the UK at the same time.
41. The Government involved Jersey Business in the development process to ensure that Jersey Business was able to support local businesses to prepare borrowing propositions for the banks.

42. Modelling was carried out with input from Treasury and Exchequer, Financial Services and from economists within Government to help define the parameters of the initial scheme. Modelling work included:
  - sectors by turnover
  - scenarios on operational viability during the COVID-19 pandemic; and
  - likely Government exposure.
43. The modelling informed the parameters reflected in the Heads of Terms and subsequent contracts with the banks.
44. The contracts between the States and the clearing banks set out the terms under which the BDLGS operates. The contracts reflect the Heads of Terms agreed with the banks.
45. The key components of the BDLGS were included on the States' website 'Government support for businesses' pages. Those interested in the scheme were required to approach Jersey Business or their bank.
46. The operational processes and controls for the BDLGS began to be documented in April 2020, after the scheme was introduced. A master spreadsheet is used to record loan data and is the basis for the published statistics. A list of anomalies or inconsistencies in the data received from the banks is compiled and followed up with the banks.
47. The BDLGS Team held weekly 'outcome meetings' to monitor the progress of the scheme and discuss the data collated from the banks.
48. Weekly spreadsheets of loan data are submitted to the Government by the banks. These are summarised by the Investments Team and are compared to the master spreadsheet to identify any new or inconsistent data. A further check of summarised data is carried out by the Manager, Treasury and Investments.
49. The BDLGS Operational Control Document (OCD) summarises the risks, processes, controls and officer responsibilities relating to the BDLGS. The OCD is formally dated August 2020, four months after the introduction of the BDLGS, although the Manager, Treasury and Investments had begun drafting the OCD in April 2020 to reflect the controls carried out in practice.

### **The control framework**

50. The Head of Investment Appraisal, Treasury and Exchequer was involved in the development of the BDLGS together with the Director - Treasury and Investment

Management, Treasury and Exchequer and representatives from the Office of the Chief Executive.

51. The BDLGS was monitored and controlled by the Treasury and Exchequer Department.
52. As part of the processes set out in the OCD, a checklist was to have been completed to ensure that the information from the banks had been received in the appropriate format. However, the checklist was not actually drafted in practice until 22 June 2020 and was not in use before then. After July 2020 there were few changes in the information provided by the banks.
53. The process of completing a checklist to ensure the information had been received from the banks in the appropriate format was therefore introduced too late in the course of the BDLGS to operate as an effective control.
54. Additional controls over bad debt exposure were identified in supplementary operational guidance issued by the Manager, Treasury and Investments on 25 August 2020.
55. Reliance was placed on the procedures operated by the clearing banks to identify fraudulent claims. The contract with the banks requires each bank to make loans only to eligible clients and specifies eligibility. Each bank is required to follow 'normal lending practices' in relation to its commercial lending business, including commercial due diligence whilst acknowledging procedures may be changed as a result of the COVID-19 pandemic. This means normal banking 'know your customer', anti-fraud and anti-money laundering procedures would be expected to be followed.
56. Each bank is required to carry out a 'COVID-19 Viability Assessment' to ensure that the bank considers the underlying business to be a viable one.
57. Therefore, the scheme places the main responsibility for managing credit risk on the lenders as part of the loan approval process. This reduced the risks to the States and reduced use of public resources on administering the scheme.
58. There is no evidence that risks relating to fraud or expected loan default were articulated by officers or considered by Ministers prior to the launch of the BDLGS in April 2020 or thereafter. Notwithstanding the role of the lending banks in risk mitigation, I would expect Ministers to have been alerted to the risks and how they were mitigated. I note that the Council of Ministers acknowledged the general risks of the emergency measures including a heightened risk of fraud in its meeting on 26 March 2020.



## Internal Audit

59. Internal Audit circulated a briefing note setting out lessons learned from previous audit reports to inform the governance, risk management and operational processes of the BDLGS. The BDLGS Project Manager drafted a response to Internal Audit's briefing note which outlined how the BDLGS operated and the extent to which the issues highlighted by Internal Audit in their briefing note were relevant to the scheme. Internal Audit verified the responses and were satisfied that no further matters should be raised.

## Monitoring and reporting

60. No outcome success measures were identified at the commencement of the scheme. However, the number and value of loans granted and utilised under the scheme are collated and published, initially weekly, and now monthly, together with other economic statistics.
61. Information collated from banks also includes for example:
- date of enquiry
  - business type
  - sector
  - employees
  - security status i.e. any collateral for the lending
  - stage of application
  - rejection reasons; and
  - amounts sought and awarded.
62. Arrears are captured in the monthly bank submissions spreadsheet. In addition, the BDLGS Project Manager discusses issues such as arrears in his regular discussions with the banks.
63. Scheme performance was reported to the Minister for Treasury and Resources in September 2020 as part of the decision to extend the scheme for a further three months to 31 December 2020. Similar updates were considered in respect of the further extensions.

64. In relation to the scheme performance, the report considered:
- the purpose of the scheme
  - the nature of the scheme
  - the availability of credit on commercial terms
  - the number and amounts of loans provided to 30 August 2020
  - number of businesses rejected
  - loan application trends
  - the use of the scheme versus expectations and the reasons for the apparent underutilisation of the scheme
  - feedback from the businesses
  - interest rates applied to the loans; and
  - bank compliance with scheme conditions.
65. In the event, the uptake of the BDLGS was significantly lower than the credit made available. Feedback from business institutions suggest that this may be because commercial lending remained available to businesses. In addition, a suite of other forms of business support was made available to businesses by the Government, limiting the need for business to draw on the guaranteed facility.
66. Although no evaluative measures were identified in relation to assessing the success of the scheme from the outset, the scheme delivered what it intended, to provide otherwise viable businesses access to funds during the pandemic.

# Detailed findings – Visitor

## Accommodation Support Scheme

### Scheme objectives, business case and decision making

#### Scheme objectives

67. VASS was introduced from October 2020 to provide additional support for Registered Tourist Accommodation Providers.
68. The scheme objectives, as set out in the business case were to:
- ensure that Jersey maintains a core critical mass of quality and diverse bed-stock in Registered Tourist Accommodation Providers to support the tourist economy to reopen in April 2021; and
  - limit the failure of Registered Tourist Accommodation Providers as a result of the impact of COVID-19 restrictions which would require significant, and potentially prohibitive, capital investment for the premises to be reopened by a new operator.
69. When VASS was launched it was for the period to April 2021. VASS was then subject to three extensions, the first to June 2021, the second to August 2021 and the third to March 2022.
70. The VASS provides a subsidy of up to 80% of designated fixed costs of the business, paid monthly in arrears. To qualify, a business must be a Registered Tourist Accommodation Provider and must show a 30% detriment comparing the total turnover in the last 12 months of operation (up to and including the month of the claim) to the total 2019 turnover. The monthly subsidy payable is calculated on a per room basis with minimum and maximum limits on the amount payable, as shown in Exhibit 4.

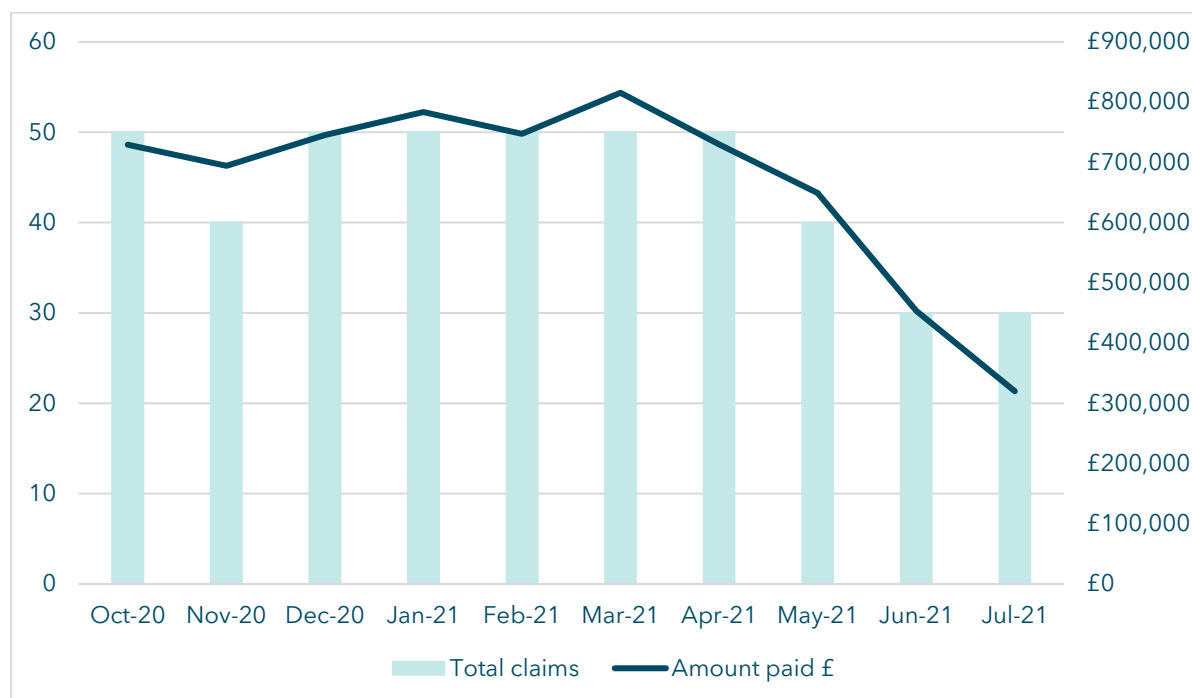
#### Exhibit 4: VASS subsidy available

Room subsidy	Standard accommodation	4 or 5 star hotel
Amount per room/unit per night	£10	£12.50
Minimum monthly subsidy	£3,000	£3,000
Maximum monthly subsidy	80% of fixed costs	80% of fixed costs

Source: Government of Jersey website

71. The number and value of VASS claims since the VASS was established are shown in Exhibit 5. As at the end of July 2021, 440 claims had been paid totalling just over £6.6 million. This is lower than the £9.4 million total cost estimated in the original business case for the first phase of the VASS.

**Exhibit 5: Number and value of VASS**



Source: Jersey Audit Office analysis of Statistics Jersey data

### The business case and decision making

72. A professional advisory firm was engaged to undertake a data collection exercise on the hospitality sector to inform the business case and to review and make recommendations on the draft scheme. The advisory firm reported its findings in September 2020 and concluded that the VASS, as proposed, would provide a fair and equitable scheme for the Registered Tourist Accommodation Providers.
73. The advisory firm highlighted that the sector appeared to have limited up to date financial information available with only 10% of respondents being able to provide all information requested.
74. A business case was prepared for the VASS that met the requirements of the Public Finances Manual (PFM).
75. A report was provided to the Council of Ministers on 21 October 2020 setting out key information from the VASS business case including the scheme background, objectives, risks, assumptions and costs. At its meeting on 23 October 2020, the Council of Ministers acknowledged the risks relating to the VASS and approved

the establishment of the scheme, subject to the endorsement of the Minister for Treasury and Resources.

76. The risks acknowledged by the Council of Ministers included:
- the likelihood that calls would be made for similar support to be offered to other business sectors
  - subsidies being offered to businesses which would otherwise have found alternative sources of funding
  - funds being inappropriately or insufficiently targeted
  - that the scheme supported businesses which would fail as soon as the support provided by the scheme was withdrawn; and
  - that the methodology used to devise the scheme was flawed.
77. The Minister for Treasury and Resources approved a Ministerial Decision to establish the VASS on 16 November 2020, the same day that the VASS was announced publicly. The Ministerial Decision approved £4.3 million of funding for 2020 with an expectation that a further £5.6 million of funding would be approved in the Government Plan 2021-24. The Government Plan 2021-24 subsequently included an allocation of funding towards economic recovery from which the VASS has been funded in 2021.
78. On 3 December 2020 the Chief Minister approved a Ministerial Decision to reduce the VASS qualifying criteria to enable applicants showing a detriment of 30% (consistent with the CFPS) rather than the 50% previously approved. Two other minor changes were made to the scheme rules relating to the calculation of support and compliance with public health requirements. The changes were to be accommodated within the previously agreed funding.
79. On 8 April 2021 an announcement was made to extend the VASS from April 2021 to June 2021. Although the decision to extend the VASS was agreed in principle by the Competent Authorities Ministers (CAM), no formal Ministerial Decisions were made to support this and subsequent extensions of the VASS.
80. On 1 July 2021 a further extension of the VASS to 31 August 2021 was announced. On 4 August 2021, a further extension of the VASS to 31 March 2022 was announced.
81. In each of the three extensions the overall cost of the VASS was not expected to exceed the original funding allocation. Consequently, the decisions to extend do not strictly fall into the category of decisions required to be made under the

Ministerial Code of Practice. I consider however that a decision to extend a scheme is a separate and different decision to a decision to introduce a scheme with a fixed end date and a fixed funding allocation. In my view it would have been prudent to record a formal Ministerial Decision to document the rationale for each of the extensions given that they are a matter of public interest, and in that regard could be considered as 'significant'.

## Design and operation of the control framework

### Operational plan

82. A governance project plan was created at the outset and listed some of the key activities required to implement the VASS. The governance project plan included ensuring appropriate officer and Ministerial approvals were sought, a legal review of the guidance and declarations and putting in place a scheme of delegation.
83. Standard operating procedures were developed to support the operation of the VASS in practice. These were prepared as the VASS went live to applications. The procedures provide guidance for advisors to follow in checking, processing, reviewing, authorising and paying claims.
84. A VASS scheme of delegation was also prepared setting out payment approval levels.

### The control framework

85. A suitable control framework has been established for the VASS including:
  - electronic claim forms with automated detriment calculations and automated payment value calculations
  - checking of claims and documentation received on a monthly 'sense check' basis by an advisor, including a check to ensure the business is on the eligible accommodation provider list
  - limited ability for the advisors to change the details in claim form. If errors are made the claim is rejected and the claim form re-submitted
  - claimant required to sign declarations and provide audit access if required; and
  - post payment audit checks to be carried out on a sample basis.

## Internal Audit

86. Internal Audit was represented on the VASS development team and provided input and feedback as required. Internal Audit attended project board meetings, reviewed scheme risks and provided comments on the draft VASS guidance.
87. A post implementation audit of claims has been commissioned from an independent audit firm, reporting directly to the department. The testing seeks to verify that scheme criteria have been complied with. Testing commenced on a sample basis in September 2021 and is planned to be completed by December 2021.
88. In my view the risk of error and fraud would have been better managed by undertaking the post payment audit checks on a more timely basis. By the time checks are now reported it could be many months after the relevant payment was made. This time lag creates a greater risk in respect of the ability to recover any overclaims made.

## Overclaims

89. As noted above, there has been limited checking of payments made under the VASS to date. The real time checks that have been carried out to date have not identified any overclaims.

## Recommendation

- R4 Prioritise the completion of VASS post payment claims testing and recovery of overclaims.

## Monitoring and reporting

90. The business case recognised that it would be appropriate to review the operation of the VASS if the following triggers indicated that, notwithstanding the VASS, some businesses will cease to operate:
  - >20% of providers close during the life of the VASS
  - >5 out of the 29 four and five star premises close during the life of the VASS; or
  - <50% of providers apply for the scheme by December 2020.

91. The total claims paid under the VASS is monitored on a weekly basis by the team responsible for its operation. None of the above triggers have arisen in practice.
92. The business case also set out specific data items to be monitored on a monthly basis in respect of the VASS. These are:
- number of applications made
  - value of awards made
  - average reported detriment by grade of accommodation provider
  - average fixed costs reported by accommodation provider
  - profitability/losses reported on a monthly basis by claimants
  - occupancy rate of accommodation providers
  - timeliness of payments against service level agreement; and
  - adverse audit findings.
93. In practice, not all of this data has been monitored.
94. The level and value of claims made under the VASS are less than the maximum potential cost of the VASS of £9.4 million modelled in the business case. This could indicate that fewer than expected Registered Tourist Accommodation Providers suffered a 30% or greater detriment in turnover compared to 2019. The business case to establish the VASS noted that there were 129 Registered Tourist Accommodation Providers, however the maximum number of claims in any one month of the VASS has been from 50 providers.

### **Recommendation**

- R5** Undertake a review of the effectiveness of the VASS in meeting its intended objectives and report publicly the results of the review.



# Detailed findings – Fixed Costs Support Scheme

## Scheme objectives, business case and decision making

### Scheme objectives

95. The FCSS was launched on 9 February 2021 aimed at providing additional support to businesses that had been forced to close due to the COVID-19 pandemic. Businesses that were able to open were also eligible to receive some assistance if they were affected by restrictions such as physical distancing or restricted trading hours.
96. Businesses are required to show that they have suffered a 20% fall in turnover when compared with the comparable month in 2019. The maximum amount a business could claim under FCSS was set at four levels, determined by the business rates they paid on their premises in 2020. Businesses and self-employed individuals that do not pay business rates were also eligible for some support. Exhibit 6 contains more details.

### Exhibit 6: FCSS subsidy levels

Subsidy level	Criteria	Maximum amount per month when business is closed (up to 100% of fixed costs)	Maximum amount per month when trading is restricted (up to 50% of fixed costs)
Level 1	Mobile businesses	£1,500	£1,500
Level 2	Businesses that paid up to £4,999 in business rates in 2020	£3,000	£1,500
Level 3	Businesses that paid between £5,000 and £9,999 in business rates in 2020	£5,000	£2,500
Level 4	Businesses that paid more than £10,000 in business rates in 2020	£10,000	£5,000

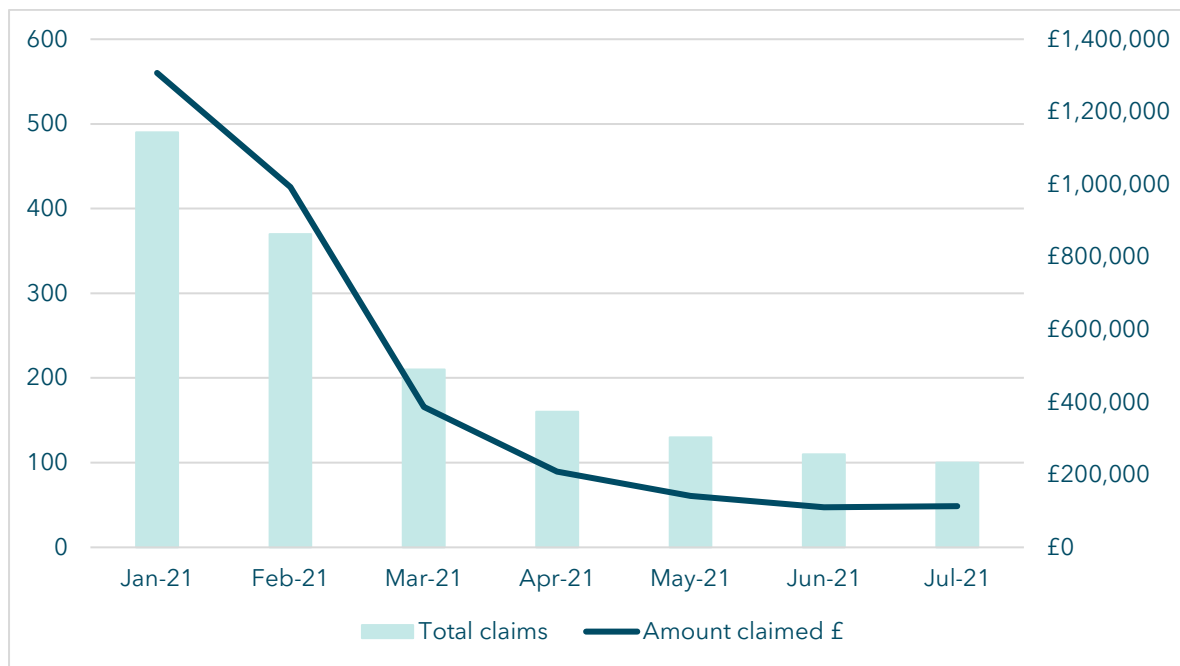
Source: Government of Jersey website

97. The Ministerial objectives for the FCSS were to:
- effectively secure Jersey's economic infrastructure

- provide equitable support across sectors where trade has been and / or continues to be materially affected by prevailing public health measures
- support the diversity of local businesses recognising the significant prevalence of small business and, in particular, 'micro businesses'
- secure employment of Islanders in order to enhance the economic recovery and to reduce the numbers of Islanders Actively Seeking Work; and
- avoid consequential business failures across other business sectors.

98. The 8 February 2021 Ministerial Decision to implement the scheme noted that the estimated cost of the FCSS was £9,532,000 including approximately £130,000 for administration and audit. Whilst this estimate represents the maximum cost of the scheme, actual claims have been significantly lower with the value of claims to 31 July 2021 totalling £3,241,550. Exhibit 7 contains further details.

**Exhibit 7: Number and value of FCSS**



Source: Jersey Audit Office analysis of Statistics Jersey data

### The business case and decision making

99. A business case was prepared and was considered at the meeting of the Competent Authorities Ministers on 20 January 2021. At this meeting, officers presented a range of risks inherent with the FCSS and noted that it was unlikely that these risks could be fully mitigated. The risks outlined included:

- other sectors of the economy could demand support
  - the scheme subsidises businesses that could have found funds elsewhere
  - the use of funds is not appropriately targeted
  - the intervention supports businesses who will fail when the support is withdrawn
  - methodological flaws; and
  - administration risks.
100. On 8 February 2021, the Acting Director General, Economy wrote to the Minister for Economic Development, Tourism, Sport and Culture. In the letter the Acting Director General states that *'there are some uncertainties around the value for money of this latest Scheme and it is not possible to construct a business case to clearly demonstrate that this funding represents value for money to the standards expected by the Public Finances Manual, specifically that funds are used economically, efficiently and effectively. The continued uncertainty around the severity and duration of public health measures make it difficult to predict a duration for financial support and also by consequence, the financial cost to Government.'*
101. Specific concerns expressed by the Acting Director General in his letter included:
- officer analysis suggests that somewhere in the region of 2,000 businesses may fall into this category and it is not possible to undertake an assessment of need for each of these ahead of releasing public money
  - the significant risk of public money being disbursed to businesses that may be able to call upon other means of support including, but not restricted to, bank lending and shareholder support
  - the questionable feasibility of the FCSS given that sums paid out may be insufficient to ensure survival of the beneficiary business and therefore not achieve a core Ministerial objective of preventing business failure
  - the value for money risks around the extent to which funding will go to some businesses who are otherwise able to adapt their business or where the business owner could seek employment; and
  - the risks around the full feasibility of this scheme, given the operational difficulties in trying to administer efficiently and effectively a new scheme during a pandemic and at the pace which is needed to support businesses. In

addition, officials had not had enough time to properly test the feasibility of the FCSS.

102. The Minister for Economic Development, Tourism, Sport and Culture responded to the Acting Director General's letter on 8 February 2021 and confirmed that he wished to proceed with implementation of the FCSS without delay. In doing so the Minister issued a formal instruction to the Acting Director General to implement the FCSS with immediate effect.
103. The Ministerial Decision to implement the FCSS was signed on 8 February 2021 by the Minister for Economic Development, Tourism, Sport and Culture. The FCSS was launched publicly on 9 February 2021. The Ministerial Decision followed approval by the Economic Recovery Political Oversight Group on 5 February 2021 of the FCSS guidance, business case and allocation of economic recovery funding for this purpose.
104. On 8 April 2021 an announcement was made to extend the FCSS from April 2021 to June 2021. No formal Ministerial Decision was made to support the extension of the FCSS.
105. On 1 July 2021 a further extension of the FCSS to 31 August 2021 was announced. Again, no formal Ministerial Decision was made to support the extension of the FCSS.
106. On 4 August 2021, a further extension of the FCSS to 31 March 2022 was announced for businesses connected to the events sector and to 30 September 2021 for close-contact personal services businesses such as beauticians and health and well being practitioners. Again, no formal Ministerial Decision was made to support these extensions of the FCSS.
107. Similar to the VASS, none of the three extensions of the FCSS was expected to result in the overall costs exceeding the original funding allocation. Consequently, the decisions to extend do not strictly fall into the category of decisions required to be made under the Ministerial Code of Practice. I consider however that a decision to extend a scheme is a separate and different decision to a decision to introduce a scheme with a fixed end date and a fixed funding allocation. In my view it would have been prudent to record a formal Ministerial Decision to document the rationale for the extensions given that they are a matter of public interest, and in that regard could be considered as 'significant'.

## Recommendation

- R6** Enhance the procedures for Ministerial Instructions to include documentation and agreement of any processes to be put in place to monitor issues raised by Accountable Officers.

## Design and operation of the control framework

### Operational plan

108. A governance plan was used to co-ordinate and control the development of the scheme. A list of policy issues and risks was maintained during the development and implementation of the FCSS. Scheme guidance was updated as required.
109. The development and administration team collated and considered lessons from the implementation of previous schemes, particularly the VAES, to inform the development the FCSS.

### The control framework

110. A control framework for FCSS was established prior to implementation. The computer scripts for the electronic application form submission, calculations and checks were tested prior to the scheme going live. The Law Officers' Department reviewed and approved the FCSS guidance and declarations.
111. The FCSS rules were also cross checked to CFPS to ensure consistency across industry sectors.
112. A signed Scheme of Delegation sets out the Accountable Officer and the department responsible for the operational delivery of the scheme. Team members, roles and responsibilities for administering the FCSS were identified and allocated prior to the FCSS going live.
113. The other controls put in place include:
- prior to payment, claims are reviewed and checked by a claims advisor
  - each application is checked against a list of registered business licence undertaking codes to validate that the application was from an eligible business; and
  - application details are electronically uploaded to a database and claim verification checks are carried out by the system. Failed verification checks are

investigated by an FCSS claims advisor. Once all issues have been investigated and a manual review of the claim undertaken, the claim is either rejected or passed for payment in accordance with the Scheme of Delegation.

114. A key control to mitigate against the risk of fraud and overpayment is a system of post payment audit checks.

### Internal Audit

115. Internal Audit attended the FCSS project team meetings and provided advice on the development of the FCSS. Internal Audit has assisted in the co-ordination of the retrospective audit of FCSS claims that is intended to be undertaken by an independent audit firm by the end of 2021, on a sample basis.

### Overclaims

116. The real time controls in place had not identified any overclaims at the time of my review. However, most of the controls to identify overclaims relate to the post payment audit testing which is yet to be completed.
117. In my view the risk of error and fraud would have been better managed by undertaking the post payment audit checks on a more timely basis. By the time checks are now reported it will be many months after the relevant payment was made. This time lag creates a greater risk in respect of the ability to recover any overclaims made.

### Recommendation

- R7** Prioritise the completion of FCSS post payment claims testing and recovery of overclaims.

### Monitoring and reporting

118. The FCSS claim numbers and amounts are reported to the Customer and Local Services (CLS) Senior Leadership Team and the Statistics Unit for publication. Budgets are monitored using existing departmental budgetary monitoring arrangements.
119. The business case for the FCSS highlighted the difficulties in monitoring the scheme due to:

- the FCSS's breadth and mixed range of macro and micro-economic objectives; and
  - it not being practical to monitor against a pre-defined population of businesses.
120. The business case indicates that the operation of the FCSS will be reviewed at any of the following triggers:
- >10% of claimants cease trading during the life of the scheme
  - <100 businesses apply for the scheme by April 2021; or
  - a material change to timeline for easing public health measures.
121. A review of the number of business licences suspended or closed compared to the previous two years is planned for 2022.

### **Recommendation**

- R8** Undertake a review of the effectiveness of the FCSS in meeting its intended objectives and report publicly the results of the review.

# Detailed findings – Visitor Attractions and Events Scheme

## Scheme objectives, business case and decision making

### Scheme objectives

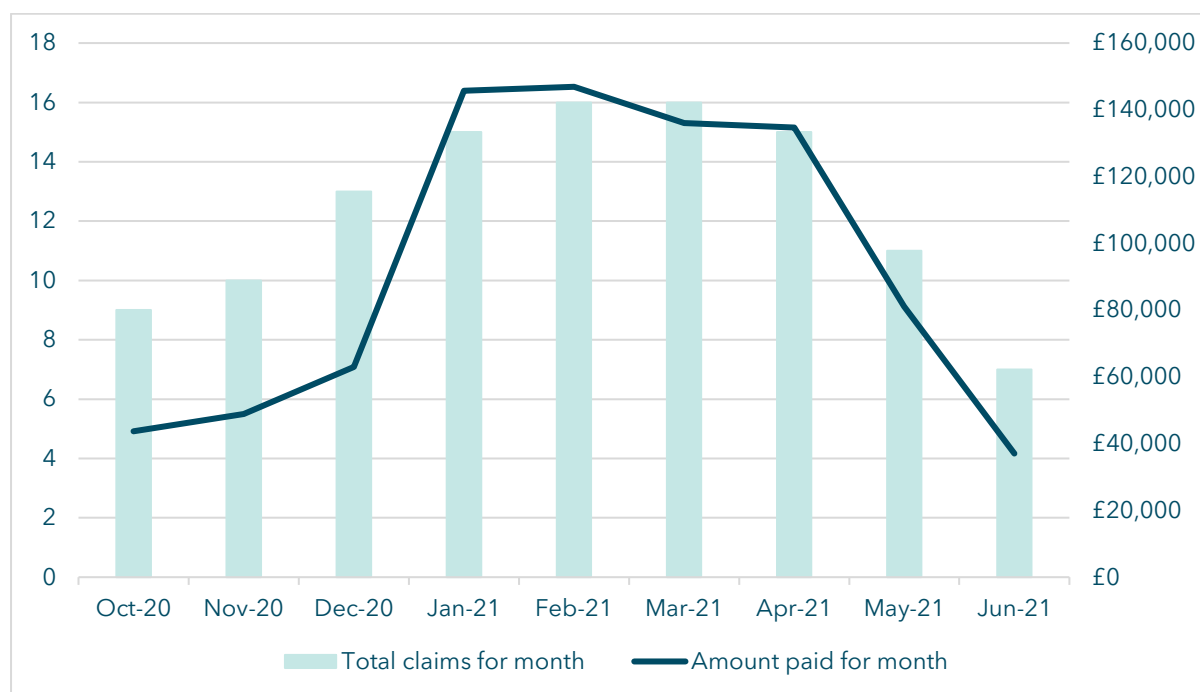
122. The VAES was announced on 7 December 2020 to support events and visitor attractions providers by providing a subsidy of up to 80% of fixed business costs.
123. Businesses were eligible to apply to the VAES if they met the following criteria:
- they are an events or attractions provider
  - they have suffered a detriment of 50% of their turnover as a result of public health restrictions
  - they have a minimum turnover of £300,000
  - they are registered for GST
  - they had tried to borrow to support themselves; and
  - they had completed a Jersey Business health check.
124. The objectives of the VAES stated in the business case are to:
- ensure that Jersey maintains the core infrastructure to operate large scale events after restrictions based on COVID-19 public health measures are lifted
  - retain key attractions which are suffering reduced footfall, and in turn income, due to the reduction in visitor numbers caused by COVID-19 and related public health measures
  - ensure that Jersey maintains a high-quality events and attractions sector as part of its future visitor offering; and
  - limit the failure of events and attractions providers as a result of the impact of COVID-19 restrictions.
125. The VAES is intended to be targeted towards those businesses considered most critical to the attractions and events sector. However, the business case acknowledges the risk that the scheme may not be sufficiently targeted as there is no readily available definition of an 'events' or 'attractions' business. The lack of



readily available data also increases methodological risks in the design of the VAES.

126. By the end of February 2021, there had been fewer than 10 successful claims to the VAES with support of less than £100,000 distributed. An Instruction was issued by the Minister for Economic Development, Tourism, Sport and Culture to amend the criteria for eligible businesses as follows:
- reduce the turnover threshold from £300,000 to £150,000
  - reduce the detriment requirement from 50% to 30%
  - remove the requirement to be registered for GST
  - change the requirements for bank support so that it mirrors the VASS
  - make car rental and coach companies eligible to apply; and
  - backdate the revised criteria to 1 January 2021.
127. The amendments to the criteria had the potential to increase significantly the number of businesses eligible to claim under the VAES. It is not clear how the changes would ensure that the VAES would be targeted towards the 'core infrastructure' referred to in the business case.
128. Funding of £1.5 million was approved for the VAES in 2020 with funding for 2021 to be approved in the Government Plan 2021-24. The Government Plan 2021-24 includes a funding allocation for economic recovery from which the VAES has been funded during 2021. Expenditure to the end of June 2021 was £837,155 as shown in Exhibit 8.

## Exhibit 8: Number and value of VAES claims



Source: Jersey Audit Office analysis of Government of Jersey data

### The business case and decision making

129. The VAES was announced to the public on 7 December 2020. This was seven days prior to a Ministerial Instruction to the Accountable Officer to implement VAES dated 14 December 2020 and 17 days prior to the Ministerial Decision approving VAES dated 24 December 2020.

130. The Acting Director General, Economy wrote to the Minister for Economic Development, Tourism, Sport and Culture on 14 December 2020 setting out his and the Principal Accounting Officer's reservations about the scheme. These reservations included:

- the view that it is not possible to construct a business case to clearly demonstrate that the funding represents value for money to the standards expected by the PFM, in particular the value for money risks around the extent to which funding will go to businesses who do not need it as well as the risk that the funding will not prevent closure of a business
- the full feasibility of the VAES given the need for intervention by a third party organisation (Jersey Business) to evaluate business viability and bring forward an objective recommendation of support; and
- personal reservations of the Principal Accounting Officer around need, scheme coverage and economic rationale.

131. The Minister wrote to the Acting Director General, Economy on 14 December 2020 acknowledging the risks and stating that it was his belief that risks are outweighed by the urgent need to provide additional support to this sector. The Minister highlighted two reasons in his rationale: larger attractions and events companies being essential to underpin the Island's visitor economy; and that checks and balances are in place to ensure this is a scheme of last resort. The Minister issued a formal instruction to take the necessary actions to proceed with the introduction of the VAES as soon as practicable.
132. A report was prepared setting out the principles, objectives, scope, criteria and conditions of the VAES to support the subsequent Ministerial Decision to approve the guidelines for the VAES.
133. Following consideration of the VAES by the Council of Ministers on 16 December 2020, the Minister for Economic Development, Tourism, Sport and Culture formally approved the guidelines for the VAES by Ministerial Decision on 24 December 2020.
134. When the VAES was launched formally on 5 January 2021, businesses were eligible to apply if they:
- have suffered a detriment of 50% to their turnover as a result of public health restrictions
  - have a minimum turnover of £300,000
  - are registered for GST purposes
  - have tried to borrow to support themselves, either through commercial lenders, or through the BDLGS; and
  - have completed a Jersey Business health check.
135. By the end of February 2021, there had been fewer than 10 successful claims to the VAES with support of less than £100,000 distributed. The Competent Authorities Ministers met on 3 March 2021 and agreed a number of changes to the VAES. The Minister for Economic Development, Tourism, Sport and Culture issued a further Ministerial Instruction to the Acting Director General, Economy on 4 March 2021. This Instruction was to amend the criteria for eligible businesses as follows:
- reduce the turnover threshold from £300,000 to £150,000
  - reduce the detriment requirement from 50% to 30%

- remove the requirement to be registered for GST
  - change the requirements for bank support so that it mirrors the VASS
  - make car rental and coach companies eligible to apply; and
  - backdate the revised criteria to 1 January 2021.
136. The changes to the VAES were approved by the Minister by email on 8 March 2021. No formal Ministerial Decision was documented for this approval. It is not clear how the changes would ensure that the VAES would continue to be targeted towards the 'core infrastructure' referred to in the business case. No business case was prepared to articulate the reasons for the changes and the reduction to the turnover threshold appears to be arbitrary.
137. In my view it would have been prudent to record a formal Ministerial Decision to document the rationale for the changes made to the eligibility criteria given that they are a matter of public interest, and in that regard could be considered as 'significant'.
138. The Acting Director General, Economy wrote to the Minister on 9 March 2021 reiterating his and the Principal Accounting Officer's previous reservations and stating that the lowering of the turnover threshold had the potential to detract from the original objectives of the VAES. This was however after the Ministerial Instruction had already been actioned and the revised VAES approved.
139. On 8 April 2021 an announcement was made to extend the VAES from April 2021 to June 2021. No formal Ministerial Decision was made to support the extension of the VAES.
140. On 1 July 2021 a further extension of the VAES to 31 August 2021 was announced. Again, no formal Ministerial Decision was made to support the extension of the VAES.
141. On 4 August 2021, a further extension of the VAES to 31 March 2022 was announced. Again, no formal Ministerial Decision was made to support this extension of the VAES.
142. The change in eligibility criteria and each of the three extensions to the VAES were not expected to result in the costs exceeding the original funding allocation. Consequently, the decisions to change eligibility criteria and to extend the VAES do not strictly fall into the category of decisions required to be made under the Ministerial Code of Practice. I consider however that a decision to alter and to extend a scheme is a separate and different decision to a decision to introduce a scheme with a fixed end date and a fixed funding allocation. In my view it would

have been prudent to record a formal Ministerial Decision to document the rationale for the criteria changes and extensions given that they are a matter of public interest, and in that regard could be considered as 'significant'.

## Design and operation of the control framework

### Operational plan

143. A governance project plan was created listing the key activities required to implement the VAES. In addition, an internal report on the VAES documents the step by step process of how the claims are to be evaluated and processed. This report was shared with Jersey Business and the Law Officers' Department.

### The control framework

144. Guidance notes were developed setting out the principles and objectives of the VAES together with details of the scheme criteria, the support provided and the scheme's conditions.
145. The VAES is a small manually operated scheme administered within the Economy Department. All claims are processed by the same assessor, then reviewed by the Head of Business Management and Governance. Payment is approved by the Director General.

### Internal Audit

146. A representative of Internal Audit was seconded to the project team in an advisory capacity to provide input regarding governance and controls.

### Overclaims

147. An independent audit firm has been commissioned to carry out a retrospective audit of a sample of claims. A sample of 22% of claims by value made between October 2020 and April 2021 has been reviewed. The overall conclusion was that detailed claim verification checks had been carried out and all payments had been authorised by the Director General. No fraud or error was identified.

## Monitoring and reporting

148. The implementation of the VAES has been monitored via a weekly project team meeting.
149. The business case for the VAES recognised that there is no agreed visitor economy strategy identifying an optimal status and outlook for the visitor hospitality industry. Any assessments of effectiveness of the VAES would therefore need to be at least in part backward looking, considering the state of the industry in 2019, whilst recognising that it is unlikely to return to this capacity for a number of years.
150. The business case states that it would be appropriate to review operation of the VAES at any of the following triggers:
- >20% of applicants close during the life of the scheme; or
  - <30 businesses apply for the scheme by December 2020.
151. The VAES was reviewed in early 2021 due to the low number of applications made. As noted above, a number of changes were made to the eligibility criteria for the VAES in March 2021 to apply to claims from January 2021. The introduction of more generous eligibility criteria did not however result in a significant increase in the number of claims made under the VAES.
152. There continues to be fewer claims under the VAES than anticipated when the business case was prepared. This could indicate that fewer than expected visitor attractions and events businesses suffered a 30% or more detriment in turnover compared to 2019. The business case to establish the VAES estimated that, as a maximum, 32 businesses may claim under the initial VAES with the initial eligibility criteria. Even with revised criteria however the number of claims in any one month of the VAES has not exceeded 16 businesses.

## Recommendation

- R9** Undertake a review of the effectiveness of the VAES in meeting its intended objectives and report publicly the results of the review.

## Appendix One

### Audit Approach

The review included the following key elements:

- review of relevant documentation provided by the Government of Jersey; and
- interviews with key officers within the Government of Jersey.

The documentation review included over 190 documents, including:

- Ministerial Decisions and supporting reports
- Press releases
- Ministerial meeting agenda and minutes
- Heads of Terms
- Contracts
- Financial models and other scheme development documents
- Business cases
- Scheme guidelines
- Operational documents
- Financial reports and monitoring information
- Internal Audit updates and correspondence
- Other correspondence in relation to the schemes

The following officers were interviewed remotely or provided written input:

For BDLGS:

- Director, Treasury and Investment Management
- Head of Treasury and Investments, Treasury and Exchequer
- Head of Investment Appraisal, Treasury
- Lead Policy Advisor, Financial Services, Office of the Chief Executive

- Manager, Treasury and Investments

For VASS, FCSS and VAES

- Director General, Economy
- Head of Business Management and Governance, Economy
- Head of Local Economy, Economy
- Lead Policy Advisor, Financial Services (until November 2020), Associate Director Financial Services, Economy after November 2020
- Senior Manager Pensions and Care, Customer and Local Services
- Project Manager, Change and Projects Team, Customer and Local Services

Other

- Head of Internal Audit
- Internal Audit Manager

I would like to thank all officers who have contributed to this report.

The fieldwork was carried out by an affiliate working for the Comptroller and Auditor General.



## Appendix Two

### Summary of Recommendations

- R1** Introduce enhanced controls to ensure that public announcements provide clarity as to the status of the announcement and related Ministerial Decisions.
- R2** Review the criteria for preparing a business case to include schemes which expose the States to a potential liability of more than £100,000 (such as guarantee schemes).
- R3** Introduce a requirement for a formal Ministerial Decision to be taken to extend schemes that have been established with a fixed end date.
- R4** Prioritise the completion of VASS post payment claims testing and recovery of overclaims.
- R5** Undertake a review of the effectiveness of the VASS in meeting its intended objectives and report publicly the results of the review.
- R6** Enhance the procedures for Ministerial Instructions to include documentation and agreement of any processes to be put in place to monitor issues raised by Accountable Officers.
- R7** Prioritise the completion of FCSS post payment claims testing and recovery of overclaims.
- R8** Undertake a review of the effectiveness of the FCSS in meeting its intended objectives and report publicly the results of the review.
- R9** Undertake a review of the effectiveness of the VAES in meeting its intended objectives and report publicly the results of the review.



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