

**WRITTEN QUESTION TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT
ANSWER TO BE TABLED ON TUESDAY 25th SEPTEMBER 2012**

Question

Will the Minister advise what background checks, if any, are carried out on off-Island companies before awarding contracts for capital projects, in order to be satisfied that the company concerned is a suitable choice?

Are enquiries made of people in the area in which such companies either reside or operate of the standing of these companies and, if not, why not?

Answer

The States of Jersey Accounting Manual has eight parts each of which consists of Financial Directions and/or other guidance documents. These Financial Directions provide mandatory requirements for the purchasing of goods and services.

Financial Direction 5.1 – Purchasing of Goods and Services and Financial Direction 5.6 – The Control of Capital Expenditure, advise on the requirements for background credit checks on all companies prior to their engagement.

A copy of Clause 2.1.14 from Financial Direction 5.1 is re produced below for information below:

Due diligence and award of contract

2.1.14. Prior to awarding the final contract the Accounting Officer (or their delegate) must ensure that appropriate due diligence has been undertaken on the supplier, including checks on creditworthiness, legal standing (including outstanding claims) and the provision of a performance bond if necessary. If the purchase exceeds £100,000 a formal credit check must be performed by the States approved Credit Checking Agency; contact your finance team to facilitate this. A nominal fee will be charged by the external agency. For values less than £100,000 consideration should also be given to a formal credit check where commercial risks are present (e.g. the supplier requires payment up front or ‘stage payments’ not associated with project deliverables or the goods or services are quite new or innovative to the market).

These procedures are followed for all Companies prior to the final award of a Contract

In addition to these financial checks, enquiries are made and references taken up to ensure the Company has the relevant skills, experience and standing in order to complete the capital project to the satisfaction of the Department