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## A

### Approved Suppliers List

A list of suppliers who have met pre-set quality criteria and undergone a competitive evaluation process to be included on such a list. It can be used for purchases which cannot easily be aggregated and priced in a single tendering exercise. Inclusion on an approved suppliers list does not guarantee offers of work.

### Asset

Any item (physical or otherwise or a group of like items under the same control and with the same useful economic life), which has an expected [useful economic life](#) of more than one year. Items not caught by this definition are defined as [consumables](#).

### Asset Management Plan

[Department](#) - Details the property requirements for individual Department compared against a benchmark set by the Centre, in order to deliver its mandate, and compares these with the properties currently held and identifies shortfalls or areas of inefficiency and where savings could be achieved.

[Individual Asset](#) - Lists the many details of a property, does not focus as specifically on the condition but includes issues such as cost in use, efficiency and fitness for purpose, explores the current business use and future potential of the built structure or land.

### Authorised Officer

A member of staff with the appropriate delegated authority to act on behalf of the States. Authorised Officers are responsible to the Chief Officer for compliance with and operation of the Rules and Directives. The Chief Officer must ensure that responsibility is delegated and cascaded to appropriate Authorised Officers.

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## B

### Benchmarking

The process of comparison and evaluation of one organisation's processes, procedures, policies and performance against other providers of similar services, particularly those recognised as adopting best practice. Although benchmarking can be a one-off activity, most often it is part of a continuous process by which organisations can challenge their thinking.

### Best Practice

The most effective and desirable method of carrying out a function or process derived from experience rather than theory.

## Bid

Also known as tender, submission or tender submission and is the offer /proposal put in by a supplier in response to an Invitation to Tender.

## Business case

A business case considers the options, risks and priorities of a proposed project, service or purchase, in order to justify the value, benefits and disadvantages to the States of Guernsey and the community for proceeding with the recommended option.

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## C

### Capital expenditure

Expenditure on a project that results in a new [asset](#), or extends the life or increases the value of an asset, where the value concerned is according to the accounting policies. Depending on value or significance, as detailed in the [Scheme of Delegation](#), capital expenditure may be approved by Departments, T&R or the States (through the [capital prioritisation](#) process).

### Capital Prioritisation

The capital prioritisation process refers to the approval process in the States of Deliberation of a States Report produced by Treasury and Resources Department. This States Report includes a recommended capital programme and funding mechanism, which is formulated as on the results of the [Strategic Review](#) process.

### Capital Reserve

A fund containing money allocated by the States for projects which have been prioritised as a result of the Strategic Review and capital prioritisation process. Departments' routine capital projects and capital allocations are not included in the Capital Reserve. Capital Reserve cash is invested as part of the [Cash Pool](#).

### Cash

Typically cash is thought of as notes and coins, but it also includes cheques, postal orders and credit or debit card receipts which have not yet been banked.

### Cash on hand

Cash which has not yet been banked. For accounting purposes, this includes unbanked receipts from customers, outstanding cash advances awaiting collection, petty cash and till float balances etc.

### Cash Pool

Refers to the aggregated cash, deposit and investment balances of the States from General Revenue reserves (including the Capital Reserve) and working balances, deposits from [States Trading Bodies](#). States Trading Bodies other associated entities and a small number of charities and other organisations with a historic association with the States.

### Cash-equivalents

Vouchers exchangeable for cash, benefit cheques and other documents which can be easily cashed by the recipient.

### Chief Officer

In the Rules and Directives, Chief Officer means the Chief Officer (or equivalent) of a States Department or Committee, and includes the Chief Executive and Deputy Chief Executive of the Policy Council. If a specific Rule or Directive applies, Chief Officer would also extend to the equivalent post in a [Non-States Body](#).

The Chief Officer is responsible for delegating authority to appropriate [Authorised Officers](#) to carry out key functions where indicated in the Rules and Directives.

### Commercialised Trading Entities

According to the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, there are three such companies; being Guernsey Electricity Limited, Guernsey Post Limited, and Guernsey Telecoms Limited (since bought by Cable & Wireless (Guernsey) Limited).

### Competitive Dialogue Procedure

Only to be used for “particularly complex contracts” where an open or restricted tender procedure is unlikely to facilitate a decision on contract award.

Suppliers will respond to advertisements by submitting an expression of interest and complete a pre-qualification questionnaire. Suppliers who are short-listed will be invited to participate in a competitive dialogue with the [Authorised Officer](#) and project team. The dialogue is flexible and may include written or verbal submissions and interviews.

The dialogue may take place in successive stages to reduce the number of potential suppliers, and at the conclusion of the dialogue the [Authorised Officer](#) will ask potential suppliers to submit their final tender.

### Consumables

Items which do not fall within the definition of [assets](#), i.e. they have an expected useful economic life of less than one year. Consumables may additionally be classified as [stock](#).

### Contract

Includes all orders and agreements for outright purchase, lease, rental or hire of goods, works and services.

### Controlled stationery

Template documentation which is usually serially numbered, e.g. blank cheques, receipt books.

### Currency

Notes and coins. Note the term cash includes currency, but also other forms.

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## D

### Departments

Departments, in the context of the Rules and Directives, means (unless otherwise stated) Departments, Committees, the Policy Council and [States Trading Bodies](#). 'Departments' does not include [NSBs](#) and [Commercialised Trading Entities](#) unless otherwise stated.

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## E

### Employee

Employee in the context of the Rules and Directives means (unless otherwise indicated) full-time and part-time permanent and temporary employees of Departments on contracts of employment, and individuals retained on contracts for services to carry out duties which would otherwise be carried out by employees of the States. The Rules and Directives apply equally to all groups of employees, i.e. across pay groups.

### Evaluation of Tenders

Detailed assessment and comparison of potential supplier bids against financial and quality criteria.

### External Borrowing

Borrowing is deemed 'external' when it is between the States and a commercial financial institution.

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## F

### Fixed Assets

Material items such as buildings, vehicles, office furniture, IT systems, goodwill etc. of material value and a useful economic life of greater than one year (see [assets](#)). The majority of Fixed Assets have a physical presence ([Tangible Fixed Assets](#)), while those Fixed Assets without a physical presence are called [Intangible Fixed Assets](#).

### Formula-Led expenditure

The designation of expenditure as Formula-led expenditure is determined by the Treasury and Resources Department. Formula-led expenditure is governed by a discreet formula and is demand-led, and where the Department has little control over the volume of calls on that expenditure, it may be treated as formula-led expenditure.

### Framework Agreement

A contract for the supply of an unspecified amount of a product group works or services, over a specified period for pre-agreed rates/prices.

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## G

### Gateway Reviews

The Guernsey Gateway Review process examines a project at critical stages in its lifecycle to provide assurance that it continues to have merit and can progress successfully to the next stage. Reviews are held after a proposal has become a project following [Strategic Review](#), capital prioritisation and approval and before key decision points of a procurement project.

### Grouped Assets

Are assets of a similar nature with individual costs or values under £ (the threshold for determining whether an item is an [asset](#)) but having the same (or substantially the same) [useful economic lives](#). When combined (across the States), such items can be termed grouped assets only when their combined cost or value exceeds the asset threshold, otherwise these items will be consumables.

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## H

### Head of Profession

In relation to the Rules and Directives, the Heads of Profession are responsible for:

- Preparing Rules and Directives relating to the discipline in accordance with best practice and professional standards.
- Undertaking consultation on draft new or changes to the Rules and Directives with Chief Officers and other key staff of Departments.
- Recommending new or revised Directives to the Treasury and Resources Department for endorsement following consultation with Departments.
- Recommending changes to the Rules to the Treasury and Resources Department (or Policy Council for Human Resources Rules where appropriate) for subsequent approval by the States.
- Issuing detailed Guidance. To supplement the Rules and Directives where appropriate or necessary.
- Reviewing the Rules and Directives on a cyclical basis of at least every three years
- Advising Chief Officers on mechanisms and procedures for monitoring their Department's compliance with the Rules and Directives.

- Satisfying themselves whether concerns over compliance with the Rules and Directives reported by employees are genuine and agreeing necessary remedial action in conjunction with the Chief Officer of that Department.
- Referring serious breaches of the Rules and Directives (whether alleged or actual breaches) to the Head of Internal Audit for investigation.

<b>Discipline</b>	<b>Head of Profession</b>
Finance	Chief Accountant
Procurement	Director of Corporate Procurement
Property	Director, States Property Services
ICT	Director of ICT
Human Resources	Head of Human Resources and Organisation Development

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## I

### ICT

Information and Communications Technology (ICT) refers to all computer hardware, software and networks (including data, telephony and CCTV) in terms of its design, development, installation, maintenance, support and security.

### Impairment (of assets)

An asset is impaired when its current value (in accounting terms the carrying value in the balance sheet) exceeds the amount which could be obtained from its sale (less selling costs) – i.e. the asset is worth less to retain than to sell.

### Intangible Fixed Assets (see also [Fixed Assets](#))

[Assets](#) not generally having a physical presence such as goodwill and brands.

### Internal Borrowing

Where one entity or fund of the States borrows from another fund or entity controlled by the States.

### Internal control system

The whole system of controls, financial and otherwise established:

- To fulfil the objectives of the Department; and
- To safeguard the resources (money, property, reputation etc.) in that Department's care; and
- To prevent and detect fraud or irregularities in the Department's financial processes, procedures and records.

### Invitation to Tender (ITT)

An invitation to suppliers to bid for the provision of goods, works or services. An ITT contains the information, specification and requirements necessary for a potential supplier to be able to submit a tender.

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## M

### Member

Elected member of the States of Deliberation.

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## N

### Negotiated Procedure

A negotiated tender is similar to the [Restricted Procedure](#) in that it uses a pre-qualification stage. A negotiated tender procedure allows the negotiation of the terms of the contract within strict guidelines prior to awarding the contract.

### Network

Refers to the States owned wide and local area network connectivity between and on sites, up to the point where it comes out in the desktop or work environment. It may be extended to peripherals on that network.

### Non-States Body (NSB)

With regards to the Rules and Directives, a Non-States Body (NSB) is defined as an organisation having links to the States by way of receiving significant funds or resources from the States, or where the States has power to audit the organisation.

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## O

### Open Market

When the term is capitalised (i.e. 'Open Market') this refers to the sector of the Guernsey housing market. Otherwise it refers more generally to a competitive, commercial trading environment.

### Open procedure

This is a one-stage tender process. All suppliers who request express interest will be invited to submit a tender. There is no pre-qualification questionnaire or short-listing stage prior to issuing an ITT. This information is requested as part of the tender itself. The open tender procedure is normally only used where the known market place is limited, and there is a need to seek out extra interest, or where the timetable does not allow the two stage restricted tender procedure to be followed.

### Offsetting

Occurs when cash payments are made from cash receipts before banking occurs. Offsetting is prohibited as it increases the risk of error and fraud. Receipts and payments must always be kept separately.

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## P

### Packaging of Contracts

At the earliest stage of procurement, consideration must be given to the size and content (packaging) of the contract. Current market conditions and capacity as well as technical, financial and programme constraints will influence decisions on the packaging of contracts to achieve efficient delivery of the goods, services or works.

### Permitted Investment Rules

The Permitted Investment Rules detail the approved forms of investment of States funds as detailed below. Responsibility for investing money from each fund has been delegated to either the Social Security or Treasury and Resources Department as indicated. The third column indicates where the Permitted Investment Rules may currently be found:

Funds	Responsibility of	Permitted Investment Rules
Guernsey Insurance Fund	Social Security Department	Billet d'Etat XVII October 2006, Appendix III, p. 2032
Guernsey Health Service Fund	Social Security Department	Billet d'Etat XVII October 2006, Appendix III, p. 2032
Long Term Care Insurance Fund	Social Security Department	Billet d'Etat XVII October 2006, Appendix III, p. 2032
Superannuation Fund	Treasury and Resources Department	Billet d'Etat XVII October 2006, Appendix II, p. 2028
Contingency Reserve Fund	Treasury and Resources Department	Billet d'Etat XXIII November 2007, Appendix VI

### Preferred Suppliers List

A list of suppliers selected to undertake certain works, supplies or services, following a competitive tendering exercise to evaluate quality and establish price, see [framework agreements](#).

### **Pre qualification questionnaire or 'PQQ'**

A questionnaire completed by potential suppliers. The purpose is to assess their general suitability in terms of financial and economic standing, technical capability and experience, quality assurance, health and safety procedures and environmental issues prior to being selected to tender.

### **Procurement**

The process spanning the whole life cycle from the initial concept and identification of the business need through to the end of the useful life of the asset or end of the provision of a service. It covers any contract for the acquisition of goods, materials, the execution of works, the provision of services including consultancy. It includes outright purchase, lease, rental and hire.

### **Property**

Includes land, houses and buildings, parts of houses or of buildings, land covered with water, highways, public and private rights of way, and any easement or other right to use.

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## **R**

### **Restricted procedure**

This is a two stage tender process. Suppliers who respond to advertisements expressing an interest are required to complete a pre-qualification questionnaire to establish that they have sufficient experience, capacity and resources to meet the needs of the procurement.

Only suppliers who are subsequently short-listed shall be invited to submit a tender.

The restricted procedure shall be used where large numbers of applicants are anticipated. This is the most widely used procedure within the States.

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## **S**

### **Scheme of Delegation**

Includes details of authority delegated by the States to Departments, for example relating to the approval of capital expenditure by value. The Scheme of Delegation is recommended by T&R for approval by the States and is mandatory.

### **Schedule of Limits**

Includes details of financial limits relating to the Directives, for example the tendering threshold. The Schedule of Limits is issued and maintained by the Heads of Profession and is mandatory.

**Segregation of duties**

The separation of responsibilities to minimise the risk of fraud and error. For requirements and examples, consult individual Instructions.

**Specification**

A description of requirements and standards to which the goods, works or services should conform. Also known as a statement of needs, a statement of requirement, an operational requirement, or a brief. Its purpose is to present potential suppliers with a clear, accurate and full description of the requirement, to enable them to propose an appropriate solution.

**States Member**

Elected member of the States of Deliberation.

**States Trading Body**

Under the Rules and Directives, States Trading Bodies, and the Departments to whom they are responsible, are as follows:

<b>Entity</b>	<b>Department entity reports to</b>
Guernsey Dairy	Commerce and Employment
Guernsey Water	Public Services
States Works	Public Services

The Ports (Guernsey Airport, Harbour of St. Peter Port, and Harbour of St. Sampson) are not classed as States Trading Bodies under the States Rules for Financial and Resource Management. The following are also not States Trading Bodies, but the Rules and Directives apply to them with limited defined exceptions as indicated in the Rules.

Corporate Housing Programme Fund	Housing Department
Company Registry	Commerce and Employment

**Stock**

Consumables (also known as materials) which are purchased individually (or in bulk depending on their nature, size and value) but not for immediate use or resale. Goods created in a production process for subsequent use or resale, are also classified as stock. Stock is accounted for differently to other goods and services.

**Strategic Review**

This review will determine the priority of the proposal against a set of criteria developed to test the worth of the proposed scheme to the States and community of Guernsey.

**Supplier**

Any person or body of persons providing, or seeking to provide, goods and materials, services or works to the States.

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## T

### **Tangible Fixed Assets (see also [Fixed Assets](#))**

[Assets](#) having a physical substance, such as buildings and vehicles.

### **Tender**

The response received from a potential [supplier](#) in a [tendering](#) process, in which that supplier has indicated how they can meet the specification of the purchase and the cost or benefits they can offer. Also known as the bid or submission.

### **Tendering**

The formal procedure for obtaining written offers ([tenders](#)) for the supply of goods, works and services.

### **Third Party Funds**

Funds or assets managed and/or administered, but not owned or funded, by the States, which exist for the benefit of either States employees, or persons or assets in the care of the States. Examples include patient amenity funds, residents' comfort funds, charity funds etc.

### **Total Value**

The whole of the value or estimated value for a single purchase whether or not it comprises several lots or stages and will be calculated as follows:

- where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period of that contract
- where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 12 months

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## U

### **Unspent Balances**

Unspent balances arise when the total non-formula-led net revenue expenditure in a year does not exceed the total authorised budget of a Department for that year.

### **Useful Economic Life (UEL)**

The Useful Economic Life (UEL) of an [asset](#) is assessed as the period over which an asset is expected to remain usable for the current business purpose, provided it is subject to regular upkeep and repair. The UEL is usually determined in years. An asset's UEL is usually less than its physical life.

The UEL is used to determine the period over which an asset is depreciated (see the States Accounting Policies).

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## V

### Value for Money (VfM)

Obtaining VfM means that public money and resources are used in the most efficient and effective way to deliver the stated outcomes of the States of Guernsey. It requires underpinning service delivery with sound financial and performance processes.

Achieving VfM can be described in terms of the 'three Es' - economy, efficiency and effectiveness. The definition of the three Es is as follows:

- Economy - careful use of resources to save expense, time or effort.
- Efficiency - delivering the same level of service for less cost, time or effort.
- Effectiveness - delivering a better service or getting a better return for the same amount of expense, time or effort.

In relation to Procurement, VfM is the optimum combination of [Whole-life Cost](#), quality and fitness for purpose to meet the user's requirement. This is rarely synonymous with lowest price.

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## W

### Whole-life Cost

The costs of acquisition of goods, works or a service, the costs of operating and maintenance over its whole life through to and including its disposal – that is, the total ownership costs.

### Works

Building, construction and engineering related works.

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## Y

### Year End

The States of Guernsey's year end is on 31<sup>st</sup> December.

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