

PUBLIC ACCOUNTS COMMITTEE

(1st Meeting)

16th February 2009

PART A

All members were present, with the exception Mr. K. Keen and Connétable A.S. Crowcroft of St. Helier, from whom apologies had been received.

Senator B.E. Shenton, Chairman  
Connétable J.M. Refault of St. Peter  
Deputy T.A. Vallois  
Mr. P. Ryan  
Mr. M. Magee

In attendance -

Mr. A.C. Fearn  
Senator A. Breckon  
C. Swinson, O.B.E., Comptroller and Auditor General  
Mrs A. Harris, Deputy Greffier  
Miss A-C. Heuston, Clerk to the Public Accounts Committee

Note: The Minutes of this meeting comprise Part A only.

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|--|--|------------|-------------|------------|----------------|----------|--------------|-----------|---------------|-----------|---------------|---|--|
| Appointment of Vice Chairman.<br>512/1(1)            | A1. The Committee appointed Connétable J.M. Refault of St. Peter as Vice Chairman, in accordance with Standing Order 131(3) of the Standing Orders of the States of Jersey.  |            |             |            |                |          |              |           |               |           |               |   |  |
| Committee meeting dates.                             | A2. The Committee approved the following meeting dates for 2009 –<br><table border="0" style="margin-left: 40px;"><tr><td>16th March</td><td>17th August</td></tr><tr><td>20th April</td><td>21st September</td></tr><tr><td>18th May</td><td>19th October</td></tr><tr><td>15th June</td><td>23rd November</td></tr><tr><td>20th July</td><td>14th December</td></tr><tr><td>21st July (public hearing re annual accounts)</td><td></td></tr></table> | 16th March | 17th August | 20th April | 21st September | 18th May | 19th October | 15th June | 23rd November | 20th July | 14th December | 21st July (public hearing re annual accounts) |  |
| 16th March   | 17th August  |            |             |            |                |          |              |           |               |           |               |   |  |
| 20th April   | 21st September   |            |             |            |                |          |              |           |               |           |               |   |  |
| 18th May   | 19th October   |            |             |            |                |          |              |           |               |           |               |   |  |
| 15th June  | 23rd November  |            |             |            |                |          |              |           |               |           |               |   |  |
| 20th July  | 14th December  |            |             |            |                |          |              |           |               |           |               |   |  |
| 21st July (public hearing re annual accounts)        |  |            |             |            |                |          |              |           |               |           |               |   |  |
| Annual Report 2008.<br>512/1(6)                      | A3. The Committee endorsed the Annual Report 2008 of the Committee as previously constituted, for presentation to the States within the States Assembly Annual Report 2008.  |            |             |            |                |          |              |           |               |           |               |   |  |
| Report to Chairmen's Committee.<br>512/1(28)         | A4. The Committee noted a report concerning its constitution and possible work programme which would be presented to the Chairmen's Committee at its meeting of 19th February 2009.  |            |             |            |                |          |              |           |               |           |               |   |  |
| Comptroller and Auditor General: Report.<br>512/1(8) | A5. The Committee received an oral report from the Comptroller and Auditor General and noted that work was continuing on a number of matters.<br><br>It was noted that a review was being undertaken by the CAG of the States' management of exchange risk arising from the procurement of an Energy from  |            |             |            |                |          |              |           |               |           |               |   |  |

Waste plant. It was also noted that the Environment Scrutiny Panel would be undertaking a review of the impact of the Energy from Waste Plant on Jersey's Ramsar Site.

Committee work  
programme.  
512/1(29)

A6. The Committee noted its terms of reference as set out in Standing Order 132 of the Standing Orders of the States of Jersey, and considered the following items in relation to its future work programme –

(a) **Procurement**

The Committee, with reference to Minute No. A3(B) of 10th November 2008 of the Committee as previously constituted, considered undertaking a review of States' procurement.

The Committee noted correspondence from the former Chairman of the Committee to the Director of Strategic Procurement, dated 12th November 2008, and the Director's reply, dated 26th November 2008.

The Committee heard from the CAG, who considered that a corporate approach had yet to be adopted throughout the States of Jersey and that the challenge was to establish a commitment to the required policy and organisational changes that would be needed to control States expenditure.

The Committee discussed undertaking a more holistic review, taking into account the findings of the reports of the CAG entitled: '£35 million cost reductions' (R.C 12/2008 refers), and 'States' Spending Review - Emerging Issues' (R.C. 48/2008 refers).

It was agreed that the Committee would write to States Departments to request an update on progress in relation to relevant aspects of the Emerging Issues report.

It was also agreed that a draft terms of reference be drawn up for a review of procurement.

The Committee Clerk was directed to take the necessary action.

(b) **Public Finances (Jersey) Law 2005**

The Committee considered possible amendments to the Public Finances (Jersey) Law 2005 in the light of the previous Committee's findings following its review of the States' accounts for the year ended 31st December 2007 (P.A.C.4/2008 refers).

The CAG informed the Committee that he planned to undertake a review of the aforementioned Law, and a paper was due to be published in the next quarter in this regard.

It was agreed that the Committee would await the report of the CAG prior to considering the matter further, and that, following the release of the report, it would be likely that the Committee would wish to hold public hearings.

(c) **States of Jersey insurance arrangements**

The Committee, with reference to Minute No. A3(A) of the 10th November 2008 of the Committee as previously constituted, noted a report in connexion with a possible review of the insurance

arrangements of the States of Jersey.

The Committee noted that a draft contract had been drawn up between the Committee and Willis Limited. The Committee also noted the terms of reference of the proposed review, which were to –

- (i) establish the nature of the risks for which some form of insurance cover would be appropriate;
- (ii) establish the extent of these risks and identify the extent of the risks that were effectively self-insured;
- (iii) assess whether the balance between commercial cover and self-insurance was appropriate, taking into account any reserves established to deal with the risks of self-insurance and the scale of self-insured risks when compared with the overall reserves of the States.

It was agreed that the matter would be considered by the Committee at a later date.

(d) **Waterfront**

The Committee, with reference to Minute No.A3(E) of 10th November 2008 of the Committee as previously constituted, noted a report in connexion with a possible review of contract practices in relation to the Waterfront.

The Committee acknowledged that two propositions had been lodged ‘au Greffe’ in January 2009 in relation to the Waterfront Enterprise Board (WEB) (P.12/2008 and P.13/2008 refer). The Committee also noted that the Corporate Services Scrutiny Panel had established a Sub Panel to review the current situation with regard to membership of the Board of Directors of WEB.

The Committee made reference to the report of the CAG published on 24th November 2008, entitled, ‘Waterfront Enterprise Board, review of corporate governance’. The Committee considered whether it would be preferable for the CAG to have oversight of the finances of WEB, and noted that the Corporate Services Scrutiny Panel might also be minded to examine this as part of its review.

It was agreed that the Committee would await the report of the Corporate Services Scrutiny Panel prior to considering the matter further.

(e) **Historic Child Abuse Enquiry**

The Committee, with reference to Minute No. A4 of 10th November 2008, of the Committee as previously constituted, noted a report in connexion with a possible review of budgetary control in relation to the historic child abuse enquiry, and the ministerial decision entitled: ‘Historic Child Abuse Enquiry – Budget Transfers’ (MD-TR-2009-0011 refers).

The Committee considered the matter in relation to its discussions regarding States procurement and the Public Finances (Jersey) Law 2005.

(f) **Grant-making procedures**

The Committee, with reference to Minute A3(e) of 10th November 2008 of the Committee as previously constituted, received a report in connexion with a possible review of the grant making procedures of the Economic Development; Education, Sport and Culture; and Health and Social Services Departments.

Senator A. Breckon and Mr. A. Fearn declared an interest in the matter and did not take part in discussions.

The Committee noted that the matter had arisen following the publication in October 2006 of the report of the CAG concerning the governance arrangements of the Battle of Flowers Association.

The CAG informed the Committee that he was currently carrying out a corporate governance review of the States-owned companies. The Committee considered that it would await the report of the CAG prior to considering the matter.

Committee  
procedures.  
512/1(30)

A7. The Committee considered its procedures in relation to holding meetings in public or in private.

The Committee considered that it would endeavour to hold the majority of its discussions in public session wherever possible. However, it agreed that the CAG's report to the Committee regarding his ongoing work programme should be held in private session at future meetings and that preparation for public hearings should be held in private to enable full and frank discussions to take place in accordance with the Code of Practice on Public Access to Official Information.