

PUBLIC ACCOUNTS COMMITTEE

(8th Meeting)

15th June 2009PART A

All members were present, with the exception of Mr. P. Ryan and Mr. A.C. Fearn, from whom apologies had been received.

Senator B.E. Shenton, Chairman
 Senator A. Breckon
 Connétable J.M. Refault of St. Peter
 Connétable A.S. Crowcroft of St. Helier
 Deputy T.A. Vallois
 Mr. K. Keen
 Mr. M. Magee

In attendance -

C. Swinson, O.B.E., Comptroller and Auditor General
 Miss A-C. Heuston, Clerk to the Public Accounts Committee

Note: The Minutes of this meeting comprise Part A and Part B.

Minutes.

A1. The Minutes of the meeting of 18th May 2009 (Part A and Part B) having been previously circulated, were taken as read and were confirmed.

Review of the report of the Comptroller and Auditor General entitled: 'Energy from Waste Plant – management of foreign currency exchange risks'.
 512(6)

A2. The Committee, with reference to its Minute No. A2 of 18th May 2009, received an oral update from the Chairman in connexion with the Committee's review of the report of the Comptroller and Auditor General (C&AG) entitled: 'Energy from Waste Plant – management of foreign currency exchange risks'.

The Committee noted that it had received the job descriptions and pay grades of the Treasurer, Deputy Treasurer and Head of Decision Support, as well as details in relation to the sale of euros by Jersey Airport during 2008.

The Committee discussed its findings in relation to the review and considered that the demarcation between officer function and political function was unclear in relation to the project. The Committee recalled the Shadow Scrutiny Panel report presented to the States on 15th February 2005 by Deputy R.C. Duhamel entitled: 'The Future of Jersey Harbours' (S.R.2/2005 refers) and considered that many of the recommendations made within the report, such as those concerning guidelines for the management of major States projects, were relevant to the handling of the Energy from Waste Plant project.

It was noted that sterling was currently strengthening against the euro, however, there remained no clear policy should the rate drop. The Committee felt that, irrespective of where the pound sat against the euro, the concern was that those responsible had failed to carry out the instruction set out in the proposition lodged 'au Greffe' on 20th May 2008 by the Minister for Treasury and Resources, entitled: "Energy from Waste facility: funding" (P.73/2008 refers), which stated that the exchange risk would be eliminated upon the signing of the contract with

the preferred bidder, at which time the euro/sterling rate would be deemed to freeze for the purposes of the contract payments. The Committee discussed the effectiveness of States decisions and control, with regard to concerns that the actual cost of the project would not be ascertained until after the final payment had been made. It was suggested that one of the recommendations of the report could be to introduce tighter provisions regarding budgetary control in the Public Finances (Jersey) Law 2005.

The Committee noted that a heads of report was being drafted for its consideration in early course.

Procurement.
512(5)

A3. The Committee, with reference to its Minute No. A3 of 18th May 2009, received an oral update from Connétable J.M. Refault in connexion with the Committee's review of the procurement of goods and services on behalf of the States of Jersey.

The Committee noted that Ms. C. Hastings, Director of Strategic Procurement, and Mr. J. Richardson, Deputy Chief Executive - Chief Officer Resources, would attend a briefing with the Committee on 18th June 2009 at 12.45 p.m.

Annual
Business Plan.
447/1/1/4(1)

A4. The Committee, with reference to its Minute Nos. A4 and B1 of 18th May 2009, received an update with regard to the effective scrutiny of the Annual Business Plan.

The Chairman informed the Committee that he had attended a meeting with Senator S.C. Ferguson, Chairman, Corporate Services Panel, and that the Comptroller and Auditor General (C&AG) had agreed to compile a pro-forma outlining what areas could be looked at by the Scrutiny Panels and the Public Accounts Committee.

Financial
Report and
Accounts
2008.
447/1/1/2(3)

A5. The Committee noted that the States of Jersey Financial Report and Accounts 2008 were shortly due for publication.

The Comptroller and Auditor General (C&AG) was requested to advise the Committee with regard to its public hearings in connexion with the accounts, which were scheduled to take place in July 2009. It was agreed that the C&AG would provide the Committee with a briefing in relation to the accounts on 29th June 2009.

The Committee considered that the Treasurer; the Chief Officer of Home Affairs; and the Chief Officer of the States of Jersey Police were likely to be among those called as witnesses. It was noted that the States' auditors had also been called to discuss the accounts with the Committee in previous years.

Public
Employees
Contributory
Retirement
Scheme.
93/1(99)

A6. The Committee noted that the Chairman intended to lodge a private member's proposition with regard to the States employees' pension scheme – the Public Employees Contributory Retirement Scheme (PECRS).

The Comptroller and Auditor General (C&AG) advised that he was looking to carry out further work in respect of the pension scheme following the publication of the actuarial evaluation report, and it was noted that consideration could also be given to the Teachers Superannuation Fund.

Emerging
issues.
512(2)

A7. The Committee, with reference to its Minute No. A3 of 16th March 2009, received correspondence in connexion with its review of the report of the Comptroller and Auditor General entitled: "States spending review – emerging issues," published in May 2008.

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The Committee noted correspondence dated 27th March 2009 from Senator T.A. Le Sueur, Chief Minister. Of the £7.88 million savings identified by the C&AG in his report, the Chief Minister considered that £1.3 million were already achievable; £1.455 million were to be included in the 2010 to 2012 business plans; £2.22 million were achievable but would require a political decision; and £2.45 million were not considered achievable at this time. The Committee noted that Mr. J. Richardson, Deputy Chief Executive – Chief Officer Resources, had been asked to co-ordinate the implementation of the C&AG's report and to prepare a further report on what other savings needed to be considered across all States departments.

The Committee discussed the current financial climate, and considered that, while revenues could disappear 'overnight', costs tended not to. It was noted that the C&AG was currently undertaking a review of the Public Finances (Jersey) Law 2005, and that there were possible weaknesses in the law in terms of the regulation of spending and control of accounting in the States. Consideration was then given to overlaps in parish and central administration, with particular regard to Income Support.

It was agreed that the Committee would continue to monitor savings being made in line with the recommendations outlined in the report of the C&AG and that this would be linked with the Committee's consideration of the Annual Business Plan (Minute No. A4 of the meeting of 15th June 2009 refers).

Shared
services with
the States of
Guernsey.
512 (8)

A8. The Committee, with reference to its Minute No. A5 of 18th May 2009, noted correspondence dated 20th May 2009 from Deputy L. Gallienne, Chairman, States of Guernsey Public Accounts Committee, and the reply of the Chairman dated 2nd June 2009.

The Committee noted the letter of thanks from the Chairman of the Guernsey Public Accounts Committee with regard to the welcome extended to him and his colleagues following their attendance at a meeting of the Jersey Public Accounts Committee on 18th May 2009.

The Committee recalled the offer of the Comptroller and Auditor General (C&AG) to undertake a scoping document concerning a possible review of inter-Island co-operation. The Committee agreed that it would await this document with interest.



