

ASSET DISPOSALS BY THE STATES OF JERSEY DURING 2010

REPORT BY THE COMPTROLLER & AUDITOR GENERAL

DECEMBER 2011

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Introduction

1. In November 2010, I published a report of a review of asset disposals by the States of Jersey during 2010. That report made a number of observations concerning sales of properties under the Jersey Homebuy scheme. Those observations attracted attention, not least in the context of hearings held by the Public Accounts Committee.
2. In the circumstances, it appeared sensible to undertake a further review of asset disposals during 2010. That review was duly carried out and this paper is the report of that review. The terms of reference for the review are attached to this paper as Appendix One.

Asset disposals during 2010

3. As Reported in the States' financial statements for 2010, the total amounts of assets disposals during 2010 were as follows:

<i>£'000</i>	<i>Land and buildings</i>	<i>Property held for disposal</i>	<i>Transport equipment</i>	<i>Plant and machinery</i>	<i>Totals</i>
Cost	4,452	5,617	616	1,130	11,905
Less depreciation	109	35	538	646	1,328
Net book amount of assets disposed	4,433	5,583	78	484	10,577

Review

4. The purpose of the review was to answer three principal questions:
 - (1) were disposals effected in accordance with properly approved policies of the States?
 - (2) were sales effected at proper prices?
 - (3) were all proper approvals for disposals obtained?
5. The outcome of the review was that, in every instance but one, the disposals were:
 - (1) effected in accordance with properly approved policies of the States.
 - (2) effected at proper prices.

(3) effected in accordance with all of the required approvals.

6. The one exception concerned a further sale under the proposed Jersey Homebuy scheme. That disposal formed a part of the programme of Jersey Homebuy sales which began in 2009 but had not been concluded by the end of 2009. It did not form a part of a further series of Jersey Homebuy sales. That transaction was subject to the issues which led to the comments which were made in my report published in November 2010 and which were subsequently examined by the Public Accounts Committee. As such, I do not repeat here the comments which were made in that report.

APPENDIX ONE – TERMS OF REFERENCE

1. This review is commissioned in accordance with the powers of the Comptroller & Auditor General as set out in the Public Finance Jersey Law 2005 to take place in the light of:
 - (1) the States' interest in realising the full potential of assets and fixed assets in particular;
 - (2) the need from time to time to dispose of fixed assets; and
 - (3) thus the States' interest in realising the full value of fixed assets on disposal.

2. The purpose of the review is to examine:
 - (1) the process by which fixed assets are identified for sale;
 - (2) the evidence that any disposals were made in accordance with relevant policy;
 - (3) the steps taken to ensure that full market value was achieved on any sale;
 - (4) the evidence for full market value having been realised on disposal; and
 - (5) any other related issues which come to attention in the course of this review.

3. The review will not examine the disposal of assets with insignificant market value.

4. The review will cover the disposal of all assets by all entities included within the States' consolidated accounts, including (but not limited to):
 - (1) Jersey Property Holdings; and
 - (2) Housing Department.