

PUBLIC ACCOUNTS COMMITTEE

(32nd Meeting)

16th June 2008PART A

All members were present, with the exception of Senator L. Norman, Connétable T.J. du Feu and Mr. C. Evans, from whom apologies had been received. Mr. R. Bignell was present for parts of items A5 and A8 and all others. Advocate A. Ohlsson was present for items A1 to A9 but only part of A6.

Deputy S.C. Ferguson, Chairman
 Connétable D.J. Murphy
 Deputy A. Breckon
 Deputy J.G. Reed
 R. Bignell
 A. Grimes
 M. Magee
 Advocate A. Ohlsson

In attendance -

C. Swinson, O.B.E., Comptroller and Auditor General
 N. Guillou, Clerk to the Public Accounts Committee
 P. Monamy, States Greffe

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

- Minutes. A1. The Minutes of the Meeting held on 12th May 2008 (Part A and Part B), having been previously circulated, were taken as read and were confirmed.
- Resignation of Connétable T.J. du Feu. A2. The Chairman informed the Committee that due to personal circumstances, Connétable T.J. du Feu would be tendering his resignation from the Committee. The Committee endorsed the sentiments expressed by the Chairman in appreciation of his contributions to the Committee's work. The Chairman was requested to write to the Connétable to convey the Committee's thanks.
- States of Jersey 2007 Financial Report and Accounts - Individual members' responsibilities512 (3) A3. The Committee considered the allocation of individual members to responsibility for certain reports and accounts for the upcoming hearings regarding the States of Jersey 2007 Financial Report and Accounts. It was noted that -
- The Chairman had been assigned to the Comptroller and Auditor General's reports entitled "Setting the Scene - States' Spending Review" and "£35 million cost reductions. States' Spending Review" and the accounts of the Treasury and Resources and Chief Minister's Departments.
- Deputy J.G. Reed had been assigned to the Comptroller and Auditor General's reports entitled "Setting the Scene - States' Spending Review", "£35 million cost reductions. States' Spending Review", as well as the annual reports of the Health and Social Services and Planning and Environment Departments. The Deputy was also allocated responsibility for the accounts of the Health and Social Services and Planning and Environment Departments.
- Deputy A. Breckon had been assigned to the annual reports of the Health and Social Services, Education, Sport and Culture, and Law Officers' Departments and

the accounts of the Health and Social Services; Housing; and Education, Sport and Culture Departments.

Senator L. Norman had been assigned to the annual reports of the Law Officers', Home Affairs, and Planning and Environment Departments, along with the accounts of the Economic Development, Home Affairs, and Planning and Environment Departments.

Connétable D.J. Murphy had been assigned to the Comptroller and Auditor General's report entitled "Pension Schemes for States' Employees" along with the annual report of the Education, Sport and Culture Department.

Mr. M. Magee had been assigned to the Comptroller and Auditor General's reports entitled "Setting the Scene. States' Spending Review" and "£35 million cost reductions", and the annual report of the Health and Social Services Department. Mr. Magee was also allocated responsibility for the accounts of the Health and Social Services Department.

Mr. R. Bignell had been allocated responsibility for the annual reports of the Law Officers' and Home Affairs Departments, as well as the accounts of the Home Affairs, Economic Development and Transport and Technical Services Departments.

Mr. A. Grimes had been assigned to the Comptroller and Auditor General's report entitled "Pension Schemes for States' Employees" along with the annual reports of the Education, Sport and Culture, Social Security, and Housing Departments. Mr. Grimes was also allocated responsibility for the accounts of those Departments.

Advocate A. Ohlsson had been assigned to the Comptroller and Auditor General's report entitled "Pension Schemes for States' Employees", along with the accounts of the Treasury and Resources and Social Security Departments.

Harbours
Department lease
to St. Helier
Yacht Club of
premises at South
Pier, St. Helier:
review of
recommend-
ation of
Property
Holdings
Department.
1060/62/1.
(149)

A4. The Committee, with reference to its Minute No. A5 of 14th April 2008, considered a report on Ministerial Decision MD-PH-2008-0020: 26th March 2008, regarding the surrender and renewal of the lease to the St. Helier Yacht Club of its clubhouse at South Pier, St. Helier.

The Committee recalled that the Chairman had called-in for review the recommendation of the Property Holdings Department that the decision of the Minister for Economic Development regarding the surrender and renewal of the lease to the St. Helier Yacht Club of its clubhouse at South Pier, St. Helier - the lease term being 26 years with a provision for the lessee to extend the term for a further 21 years, at a commencing annual rent of £40,000 - be accepted (R.25/2008 refers).

The Chairman reminded the Committee that the report had highlighted serious issues regarding Property Holdings. The Committee was concerned as to why this property had not fallen under the remit of Property Holdings. It was noted that the proposition entitled "States of Jersey Property Holdings: Establishment" (P.93/2005 refers), which had set out the remit of Property Holdings, had not initially included property owned by the Harbours Department. It was noted that negotiations had been ongoing to try and change this, but that during the change to Ministerial Government these negotiations had broken down. It was noted that a proposition would have to be lodged if the property of the Harbours Department were to be relinquished to Property Holdings.

The Committee agreed the report that had been prepared by the Chairman and decided that it should be published.

Advocate A. Ohlsson and Connétable D.J. Murphy declared a conflict of interest

and took no part in the discussion or resolution of this item.

Procedures for re-appointment, and powers of, the Comptroller and Auditor General: Public Finances (Jersey) Law 2005.
512/1(19)

A5. The Committee discussed the procedures for the re-appointment, and the powers of, the Comptroller and Auditor General, as detailed in Part 6 of the Public Finances (Jersey) Law 2005.

The Chairman informed the Committee that, as stipulated by Part 6 of the Public Finances (Jersey) Law 2005, a proposition had been lodged on 17th June 2008 in relation to the re-appointment of Mr. C. Swinson, O.B.E. to the position of Comptroller and Auditor General, for a further 5 years from 1st October 2008 (P.101/2008 refers). The Committee thanked Mr. Swinson for the work he had carried out thus far, and noted with gratitude that he was proposed to continue in the role of Comptroller and Auditor General.

The Committee then discussed the powers of the Comptroller and Auditor General. It was noted that following the completion of the Comptroller and Auditor General's spending review, possible revisions to the law would be considered, with the Law Draftsman's assistance if the Committee was in agreement.

The Committee was informed that the Public Finances (Jersey) Law 2005 had constrained the Comptroller and Auditor General, as regards companies owned by the States. It was noted that for these companies, the Comptroller and Auditor General might only investigate their corporate governance, and was not be able to look at any transactions made. This was noted as being in contrast to States' Departments, where this restriction would not apply. Concerns were raised as to how the proposition about the Jersey Enterprise Board could be investigated by the Comptroller and Auditor General in future due to there being a crossover of work carried out by States Departments and within companies owned by the States. The Committee noted that the Comptroller and Auditor General would seek to amend the law so that the powers in relation to States Departments could be extended to States owned companies.

Comptroller and Auditor General: report.
512/1(16)

A6. The Committee received an oral report from the Comptroller and Auditor General regarding the under-mentioned work currently in hand and noted that following the recent circumstances that had arisen in respect of the proposed development on the Island's Waterfront, under the aegis of the Waterfront Enterprise Board (WEB), the Comptroller and Auditor General informed the Committee that he had decided to look into the matter, and had issued a press release on the morning of 16th June 2008 which had declared this intention. The Committee was apprised of the terms of reference for the proposed review which read as follows -

“To investigate the circumstances surrounding the decisions made by the board of WEB concerning the proposed development to establish:

- (i) Whether proper rules of corporate governance have been established and applied by WEB;
- (ii) In particular, whether proper arrangements were made by the board of WEB to identify potential conflicts of interest and ensure that board decisions were not affected by them;
- (iii) Whether, in the circumstances, the decisions which were made by the board of WEB in respect of the development were appropriately based on all the commercial evidence and advice which the board might reasonably have been expected to obtain and take into account; and,
- (iv) Any other issues relevant to the matters set out above.”

It was noted that the review would be conducted in conjunction with the relevant representatives and agencies, and that the findings would be published upon

completion.

The Comptroller and Auditor General reminded the Committee that the review would examine the advice taken by WEB, but would not discuss the wisdom of any decisions taken, and that the final decision taken by WEB was a political matter. It was also noted that the commissioning of this review had been entirely of the Comptroller and Auditor General's volition. It was also recognised that WEB had agreed to co-operate fully with any requests for information. It was hoped that the report would be finalised by 1st July 2008.

The Committee agreed that it would look forward to the findings of the report, and the Comptroller and Auditor General undertook to keep the Committee informed of its progress.

Dates for meetings and hearings in 2009.
512/1(20)

A7. The Committee agreed the undermentioned schedule of dates for Public Accounts Committee meetings in 2009, which would be held on Mondays commencing at 12.30 p.m. in the Blampied Room, States Building, Royal Square, St. Helier unless otherwise notified -

19th January	20th July
16th February	17th August (if necessary)
16th March	19th October
20th April	23rd November
18th May	14th December
15th June	

The Committee also agreed that the afternoons of 21st and 22nd July 2009 would be scheduled for public hearings regarding the annual accounts, and that 21st September 2009 should be scheduled as an away day to consider the 2009/2010 programme.

Connétable D.J. Murphy requested a copy of the schedule be sent to Mrs. S.R. de Gruchy, Secretary to the Comité de Connétables. The Committee Clerk was directed to take necessary action.

Declarations of Interest.
512/1(21)

A8. Advocate A. Ohlsson raised the issue of declarations of interest during meetings of the Committee. The Committee discussed whether or not a register should be collated with all the relevant declarations of the Committee's members listed. Whilst it was agreed that this might be useful, and would be consistent with States procedure, the Comptroller and Auditor General noted that there had been few past events where issues regarding conflicts of interest had arisen. Subsequent to the discussion it was agreed that members should declare their interests as they arose during meetings of the Committee as it was felt that this would ensure that this would allow interests to be definitively declared without any ambiguity.

Draft Report on the Responses to Recommendations of the Public Accounts Committee as at December 2007
512/1 (15)

A9. The Committee noted that a draft copy of the report entitled 'Report on the Responses to Recommendations of the Public Accounts Committee as at December 2007' had been circulated to all members. The Committee was invited to make any comments that it wished by 23rd June 2008, after which the report would be published.

States of Jersey 2007 Financial Report and Accounts: Private hearing on 16th

A10. The Committee noted that immediately following this meeting, a private hearing would be held at which Mrs. Rebecca Brewer and Mr. Ciaran McLaughlin, representing PricewaterhouseCoopers (PwC), States Auditors, and Mr. Paul Redfern, the Chief Internal Auditor of the States, would be interviewed regarding the States of Jersey Accounts for 2007.

June 2008 -
representatives of
PwC, States
Auditors, and
Chief Internal
Auditor.
512/1(13)