

PUBLIC ACCOUNTS COMMITTEE

(36th Meeting)

4th August 2008PART A

All members were present, with the exception of Deputy A. Breckon, Deputy J.G. Reed, Connétable D.J. Murphy, Advocate A. Ohlsson, and M. Magee from whom apologies had been received.

Deputy S.C. Ferguson, Chairman
 Senator L. Norman
 Deputy R.G. Le Hérisier
 R. Bignell
 C. Evans
 A. Grimes

In attendance -

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

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

States of Jersey
 2007 Financial
 Reports and
 Accounts:
 Review of Public
 Hearings.
 512/2(13)

A1. The Committee, with reference to its Minutes Nos. A10 of 16th June 2008, A6 of 14th July 2008, A3 of 21st July 2008, and A1 of 22nd July 2008, gave consideration to the Public Hearings held on those dates, and discussed the following -

- (a) Mr. R. Bignell raised the issue of how Supplementation should be calculated by the Social Security Department. The Committee recalled that actuaries were currently engaged in a review of the process for calculating Supplementation. The Comptroller and Auditor General informed the Committee that the basis of the calculation could be changed, in order to give a better basis for a reliable budget, and that this was being pursued by the actuaries involved in the process. The Committee noted that this had become necessary as the States could not predict how much Supplementation would cost each year at current rates. Subsequently the Committee agreed to support the proposed changes to the method of calculating how much Supplementation the States would have to pay, and wished to express its desire that a full and thorough review of Supplementation would be carried out. The Committee noted that in its Hearing with Mr. R. Bell, Chief Officer of Social Security, the Department had been totally unable to account for the rise in Supplementation costs in 2007. It was agreed that this was most likely due to a lack of management information of sufficient quality, via computerised reports, which would allow information on trends from statistic to be analysed and allow rises to predicted and explained, and that this was a key issue within the Department
- (b) The issue of performance measures for students was considered. The Committee expressed concern that a number of students enrolling for higher education courses at Highlands College lacked sufficient skills in literacy and numeracy. It was felt that it was unclear how this had arisen, and why there was an insistence to rely on performance in formal public examinations to measure a pupil's performance. The Comptroller and Auditor General

expressed his opinion that there was a strong necessity for better and fairer performance measures to be put in place, and that measuring skills should form a part of performance monitoring to ensure that all students receive the proper attention and assistance. It was also agreed that students enrolled on vocational courses were poorly served by solely exam-based performance measures.

- (c) The Comptroller and Auditor General raised concerns about the functioning of the Public Finances (Jersey) Law 2005. It was noted that under the current structure there had been no key individual driving forward a States-wide improvement in financial management practice, which had underpinned many of the issues (it was noted that the States of Guernsey employed a Finance Director who performed that role). The Committee felt that the Treasurer of the States should take greater responsibility for such matters. Further to this, the Committee discussed the issue of accountability of Accounting Officers. It was noted that as the Minister for Treasury and Resources could amend individual Departments' budgets at the year end, ensuring that no Department has overspent, so long as the States as a whole did not exceed the overall approved cash limit. The Committee expressed its concern that budget transfers could be approved by the Minister for Treasury and Resources without an official ministerial decision. It was further noted that if necessary, the States could be asked to approve supplementary funding for a Department or capital projects. It was agreed that these factors combined had lowered control over financial management within the States and that Accounting Officers had not been held accountable for financial management. The Comptroller and Auditor General advised the Committee that he would be carrying out a review of the Public Finances (Jersey) Law 2005 in due course, and would consider these issues further.
- (d) The Committee discussed the public sector within the Island. It was acknowledged that the Island had an extensive public sector. Concerns were raised regarding the over-reliance of the States on the Finance Industry's creation of wealth. It was noted that little effort has been made in terms of economic diversification, and that the pervading attitude within the States was that only the Finance Industry could provide sufficient profitability to generate adequate tax revenues. It was agreed that the Finance Industry had only relatively shallow roots within the Island, and that it would not be prudent to rely solely upon it. The Committee agreed that States spending needed tighter control, in order to ensure that the effects of any adverse event in this regard could be mitigated.

The Committee agreed that a report should be prepared based on the public hearings held, in order to give the Committee's views upon the issues that had arisen out of the 2007 Accounts of the States.

States of Jersey
Business Plan
2009.
1038/1/1/62(5)

A2. The Committee agreed that an amendment to the Business Plan for 2009 should be made in order to ensure that the recommendations made within the Comptroller and Auditor General's States' Spending Review. The Chairman agreed to undertake the necessary action.

Next Meeting.

A3. It was agreed that the Committee's next meeting would be held on 1st September 2008 in the Blampied Room, States Building, at 12.30 p.m.