

PUBLIC ACCOUNTS COMMITTEE

(15th Meeting)

30th April 2007

PART A

All members were present, with the exception of Mr. A. Grimes, from whom apologies had been received.

Deputy S.C. Ferguson
Senator J.L. Perchard
Connétable T.J. du Feu of St. Peter
Connétable D.J. Murphy of Grouville
Deputy A. Breckon
Deputy J.G. Reed
R. Bignell
C. Evans
M. Magee
Advocate A. Ohlsson

In attendance -

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

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

- Minutes. A1. The Minutes of the meeting held on 29th January and 19th March 2007, having been previously circulated, were taken as read and were confirmed.
- Matters arising. A2. The Committee noted the following matter arising from its previous Minutes -

Property Services Department: information on processes and procedures adopted for the disposal of property (Minute No. A6 of 19th March 2007)-

The Committee noted that correspondence, dated 20th April 2007, had been received from the Director of Property Holdings in response to its request for information. It was noted that the approach presently adopted by Property Holdings in respect of commercial property expertise was to engage specific expertise from the private sector as and when required. Whereas it was recognised that a ‘service-type Board’ was envisaged for Property Holdings in the future, concern was expressed at the apparent lack of foresight regarding the evolving situation in respect of the Waterfront Enterprise Board (WEB) and the move to widen its remit. Also, whilst there was to be involvement by the Ministers for Treasury and Resources, Transport and Technical Services, Economic Development, and Planning and Environment, and also the Connétable of St. Helier, in the proposed “Jersey Property Enterprises”, it was noted that no politicians would be on the Executive Board. The Comptroller and Auditor General confirmed that, although the Committee had not yet examined agreements with developers, issues of governance, etc., WEB was not currently on the work programme. It was emphasised that while the Committee was able to examine historic arrangements, care needed to be exercised as regards the issues being considered to be prospective arrangements - which might be termed ‘work in progress.’ In any event, an investigation by the Comptroller and Auditor General at the same time as an examination by the Minister for Planning and Environment might not be desirable and less than ideal. The Chairman confirmed that in any event the issues surrounding “the Property Plan/Property Holdings” were to be returned to by the Committee later in 2007. Senator Perchard and Advocate Ohlsson

declared their respective conflicts of interest in this matter.

Chairmen's
Committee.
511/1(2)

A3. The Committee received an oral report from the Chairman regarding the Chairmen's Committee.

The Committee recalled that the States had, on 28th March 2007, appointed Deputy Ferguson as President of the Chairmen's Committee.

Public Accounts
Committee report
reviewing C&AG
Reports on JFSC,
Overseas Aid and
Notes on States'
Aggregate
Expenditure.
512/2(3)

A4. The Committee considered a draft report reviewing the reports of the Comptroller and Auditor General on the Jersey Financial Services Commission (JFSC), Overseas Aid and his Notes on States' Aggregate Expenditure.

The Committee noted that Mr. Grimes had commented on the report on the JFSC, which was to be asked to provide evidence of 'value for money' in relation to the delivery of its services. It was agreed that the current understaffing of the JFSC needed to be addressed with some urgency so that they would be able to prepare for and host the International Monetary Fund (IMF) review in 2008. It was unclear to the Committee whether the same approach adopted by the IMF in reviewing some offshore jurisdictions (such as the Cook Islands) was entirely appropriate for Jersey, given the differing circumstances of each. It appeared that there was little 'tolerance' in the standards adopted by the IMF and that this was a matter of concern to the JFSC.

In relation to the report on Overseas Aid, the Committee agreed that it would be appropriate for an independent approach to be taken in the administering of expenditure which fell outside the normal arrangements for managing public finance.

In the absence of conclusions in the 'Notes on States' Aggregate Expenditure, the Committee agreed to highlight certain issues to be addressed, including the possibility that some services might be able to be provided better and/or cheaper in the private sector, and the need for all areas within the public administration to examine both existing and proposed services with this in mind. It was recognised that 'nice to have' expenditure should be avoided, although precisely how to determine which services would and would not be implemented remained unclear.

Members were asked to convey their comments upon the draft report to the Chairman as soon as possible.

Comptroller and
Auditor General:
report.
512/1(8)

A5. The Committee received an oral report from the Comptroller and Auditor General regarding the under-mentioned work currently in hand and noted that -

- (a) issues associated with the suggestion that it would be appropriate for the Jersey Overseas Aid Commission to become a non-departmental entity (possibly under the auspices of the States Greffe) in order to comply with the normal arrangements for monitoring public finance, had raised concerns amongst a number of prospective Accounting Officers. However, it was apparent that it would be preferable for States' policy in relation to "Grants" to be adhered to, and that this would necessitate changes to the way in which the Commission operated;
- (b) in relation to a review of the 2 main confiscation funds (Drug Trafficking Confiscation Fund and Criminal Offences Confiscation Fund), most of the work had been completed. Whereas all the monies had been accounted for, some difficulties remained - particularly in relation to the original aims of the respective funds. Whereas decisions of the former Finance and Economics Committee regarding expenditure relating to the Law Officers' Department and to Community Safety had been examined, difficulties arising from the present arrangements had been apparent, with issues of governance remaining unclear. Whilst both the Attorney General and the Viscount remained unhappy with the funding pattern which had been established (whereby almost 50 per cent of

certain expenditure was provided by the Confiscation Funds, which tended to be rather more substantial than elsewhere), the distortion arising from the allocation of the funding in this way was recognised to have been a political decision. The Comptroller and Auditor General reported that whereas the use of such Funds to provide grants to the States of Jersey Police for security purposes was unexceptional in terms of processes adopted in other jurisdictions, it would have been preferable for issues of 'transparency' to have been addressed at the time of the move to Ministerial government. The Committee noted that a separate report was to be produced on each of the major Funds;

- (c) the review of the major States' pension schemes was taking some time to complete, although it was expected that the report would be published during June 2007. It was evident that the Public Employees Contributory Retirement Scheme (PECRS) and the Teachers' Superannuation Fund were in somewhat different situations. It was noted that part of the review dealt with the provision of legal advice regarding the separation of PECRS from States' funds, and the decision of the States in 1999 that this should be implemented. It was recognised that no advice on the matter had yet been forthcoming from the Attorney General. Advocate Ohlsson declared a conflict of interest;
- (d) a review was underway in relation to the Jersey Opera House, although some difficulty had been experienced in relation to the "Phoenix Trust" - the Trust Deed for which had not been made available to the Comptroller and Auditor General;
- (e) a review of the policy established for the provision of Nursery Education in the Island had almost been completed, from which it was apparent that a graded extension of the policy had been implemented without regard to the long-term financial consequences. It was noted that no funding provision had been made for the future liability arising from a 100 per cent take-up of the nursery provision to be offered;
- (f) a review was to be undertaken of the commission of I.T. (Information Technology) software for States purposes;
- (g) a report on "Planning for the States of Jersey Accounts 2006" was to be published in May 2007. The Committee agreed that following its meeting on 25th June 2007 it was minded to hold a public hearing for interviews of the Treasurer of the States and the Accounting Officers for Health and Social Services, Education, Sport and Culture, Home Affairs, and Social Security (in relation to supplementation). It was further agreed to appoint the following members to lead the questioning on the under-mentioned subjects -

Health	Deputy Reed and Advocate Ohlsson
Education	Connétable du Feu and Mr. Grimes
Home Affairs	Connétable Murphy and Mr. Evans
Social Security	Senator Perchard and Mr. Magee.

In addition, Deputy Breckon would cover other issues.

- (h) a review of the Planning and Environment Department was programmed for July 2007, with the management and other structures to be examined and the department's overall capability assessed and reported on.