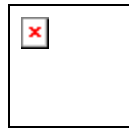


STATES AUDITORS: EXTENSION OF CONTRACT

**Lodged au Greffe on 21st March 2000
by the Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion -

to approve the extension of PricewaterhouseCoopers' contract as States Auditor for one year to cover the audit of the 2000 States of Jersey accounts.

FINANCE AND ECONOMICS COMMITTEE

Report

Article 11 (1) of the Public Finances (Administration) (Jersey) Law 1967 states -

The States shall, on the recommendation of the Finance and Economics Committee, appoint on such terms and conditions as the States may specify, a person or firm of accountants to exercise the powers conferred and to perform the duties imposed on the States Auditor by this Law.

Price Waterhouse (now known as PricewaterhouseCoopers) were first engaged as the States Auditors in November 1993 with their first audit being that of the 1994 States of Jersey's annual accounts. This contract was renewed in 1996 for a further three-year term covering the audit of the annual accounts for 1997, 1998 and 1999. The annual audit fee for this three-year period was £130,000 plus out-of-pocket expenses.

The Strategic Review of Audit Arrangements within the States of Jersey, recently undertaken by Mr. Noel Hepworth, Chairman of the Institute of Public Finance, recommended fundamental changes to the way in which audit will be provided in the future, and in particular that the external audit responsibility, currently conferred to the States Auditor, be assigned to a new Auditor General. This aforementioned review also recommends the establishment of a Public Accounts Committee. The Hepworth report has been forwarded to the Clothier Committee which is reviewing the machinery of government in Jersey for its consideration.

The Finance and Economics Committee recommends that whilst the results of the Clothier Committee are awaited and further consultation of the review of audit is undertaken, the States should approve a one-year extension to PricewaterhouseCoopers' current contract as States Auditor.

PricewaterhouseCoopers have confirmed that they would be pleased to continue as States Auditor for the audit of the States of Jersey's accounts for the year ended 31st December 2000 for a fee of £140,000 plus expenses (which will not exceed £5,000). The external audit fee has been held at £130,000 for the last three years and an increase to £140,000 represents less than the inflationary increase for that three-year period.

The contract will cease on 30th April 2001 upon completion of PricewaterhouseCooper's audit of the States of Jersey's 2000 accounts.