

# Public Accounts Committee

## Record of Meeting

Date: 17th September 2012

Meeting No: 8

Present	Deputy T. Vallois, Chairman Senator S. C. Ferguson, Deputy R. Rondel Mr S. Haigh Mr I. Ridgway Mr J Mills
Absent	Deputy S. Pitman
In attendance	Mr M. Robbins, Scrutiny Officer

Ref Back	Agenda matter	Action
	<p><b>1. New Members</b></p> <p>The Chairman observed that Mr I. Ridgway and Mr J. Mills had their names approved by the States on 11<sup>th</sup> September 2012 and welcomed them to the Committee.</p>	
	<p><b>2. Records of Meetings</b></p> <p>The Committee approved the record of its meetings of 9<sup>th</sup> July 2012.</p>	MR
	<p><b>3. Conflict of Interest:</b></p> <p>Senator Ferguson reminded the Committee that she had a conflict of interest on the issue of Lime Grove House and would be taking no part in those proceedings.</p> <p>In relation to the Financial Report and Accounts Review, Mr. Ridgway declared being a member of PECRS and Mr. Mills declared receipt of a PECRS Pension. Deputy Rondel declared being in receipt of a grant to Rondel Farms.</p>	
Item 3 09.07.12	<p><b>4. Comptroller and Auditor General.</b></p> <p>The Chairman provided the Committee with an oral update on the position relating to the post of Comptroller and Auditor General. Article 41(1) of the Public Finances (Jersey) Law 2005 placed a responsibility on the Chairman of the Public Accounts Committee and the Chief Minister to present a proposition to the States recommending the appointment of a Comptroller and Auditor General. Discussions were underway as to whether it was more appropriate to engage a temporary post holder or a permanent post holder. The Committee recommended the appointment of a permanent post holder.</p>	

	<p>The Committee discussed the consideration of using the National Audit Office to support the Comptroller and Auditor General and decided that this was not the most appropriate way forward as the post held the ability to create an office in Jersey as required.</p> <p>It was agreed that the post was key to rigorous financial governance in the Island and that decisions needed to be made expeditiously to allow the recruitment process to begin.</p>	
<p><b>Item 4</b> <b>09.07.12</b></p>	<p><b>5. Constitution of the Committee.</b></p> <p>The Committee discussed the constitution of the Committee and considered the benefits or otherwise of extending the Committee by one more States Member and one more non-elected member. It was agreed that the Committee was the correct size as currently constituted, however, full commitment was required from every member. The Chairman was to discuss the matter of attendance with Deputy S. Pitman who, whilst it was recognized had been ill, was absent from the meeting.</p> <p>It was further recognized that should any current States Member wish to stand down, there was interest being shown from other States Members to join the Committee.</p>	<p><b>TV</b></p>
<p><b>Item 5</b> <b>09.07.12</b></p> <p><b>512/17</b></p>	<p><b>6. Lime Grove House: failure to acquire for use of Police Headquarters</b></p> <p>The Committee recalled the background relating to ‘Lime Grove’ and agreed that there were issues that fell within the remit of the Committee which needed public examination. Due to the political nature of the problems surrounding this subject, the Committee was to focus on the unresolved issues of process, not the personalities involved. It was agreed that a review would be undertaken by the Committee. It was also noted that the lead support officer in this case would be the Scrutiny Manager.</p> <p>The Committee agreed that the Chairman was to inform the Chairmen’s Committee of that decision at its meeting on 18<sup>th</sup> September 2012. Following that, scoping documents and Terms of Reference were to be drafted and the Chairman was to report back to the Committee at its next meeting.</p>	<p><b>TV</b></p>
<p><b>Item 6</b> <b>09.07.12</b></p> <p><b>512/15</b></p>	<p><b>7. Compromise Agreements: Review of the C&amp;AG Reports</b></p> <p>The Committee noted the response to the recommendations within its report from the Chief Ministers Department and noted that most of the recommendations were agreed.</p> <p>It was noted that recommendation 3.10:</p> <p><i>“The Chief Minister must provide the Corporate Services Scrutiny Panel with a timeline as to when he intends to change his policies in respect of the recommendations contained within the reports of the Comptroller and Auditor General”</i></p> <p>had a response from the Chief Minister’s Department stating:</p> <p><i>“A plan will be presented to the SEB on 18/9/12 which will provide for integrated transition planning of the</i></p>	

	<p><i>recommendations that have been accepted contained in the report. This will facilitate future monitoring of activity by CSSP.”</i></p> <p>It was considered that this matter now fell outside the remit of the Committee but within that of the Corporate Services Scrutiny Panel. In the spirit of Scrutiny working together to hold the Executive to account, the Committee required that a letter was sent for the consideration of the Corporate Services Scrutiny Panel.</p> <p>In relation to recommendation 3.3:</p> <p><i>“The States Employment Board must reconsider the role of the Chief Executive Officer so that it is clearly defined in light of the significant changes to that post due to the adoption of P.124/2004 (Amd 3). Alternatively that Amendment should be rescinded.”</i></p> <p>The Committee was informed that Mr J. Mills was to make a personal submission to the Machinery of Government Review.</p> <p>All the accepted recommendations were to be noted and the items placed on the agenda of future Committee meetings immediately preceding the target dates.</p>	<p>MR</p> <p>MR</p>
	<p><b>8. Financial Report and Accounts 2011.</b></p> <p>The Committee welcomed the Treasurer of the States and members of her Treasury who provided a briefing on the preparation and content of the Financial Report and Accounts 2011. The Committee agreed that this had been very useful and it had inspired confidence that good practice and governance of the accounts was at the forefront of the efforts of the Treasurer of the States.</p> <p>The Committee considered draft scoping documents. It was noted that Standing Orders 132 (1) (a) required the Committee to receive reports from the Comptroller and Auditor General on the results of the audit of the annual financial statement of the States and to report to the States upon any significant issues arising from those reports. This was not possible as the Island did not have a Comptroller and Auditor General in post. It was agreed that the solution lay within Standing Order 132(c), which required the Committee to assess whether public funds have been applied for the purpose intended by the States and whether extravagance and waste were being eradicated and sound financial practices applied throughout the administration of the States.</p> <p>However, the draft scoping document was to be amended. The wording of the ‘Type of Review’ was to read:</p> <p><i>The review will be carried out in order to assess –</i></p> <ul style="list-style-type: none"> <li><i>(i) Whether public funds have been applied economically, efficiently and effectively.</i></li> <li><i>(ii) Whether the accounts represent value for money.</i></li> <li><i>(iii) Whether the previous recommendations made by the Public Accounts Committee regarding the States Accounts have been implemented and the problems identified satisfactorily</i></li> </ul>	

*addressed.*

The Terms of Reference were to read:

1. *To consider the States of Jersey Financial Report and Accounts 2011 to establish:*
  - i) *Whether public funds have been applied economically, efficiently and effectively; and*
  - ii) *whether the accounts represent value for money.*
2. *To establish if the issues identified in the Public Accounts Committee's reviews of previous States Accounts have been addressed.*
3. *To Report the findings of the review to the States of Jersey.*

The Committee agreed that no outside advisor was required for the review and that the budget was to comprise solely of the means to finance hearings. All other costings were to be removed. A budget of £1,200 was approved.

The Chairman informed the Committee that she had been provided with documents from the Treasurer of the States relating to the Comprehensive Spending Review that were relevant to the review. They were to be circulated to the Committee.

Despite the confidence from the briefing, the Committee agreed that there were definitely areas that needed examination. The areas of particular interest included:

- Appendix A of the Annex to the Financial Report and Accounts 2011: Grants.
- Quality of Budgeting
- Under spends and Carry Forwards
- Careful examination of the ISA 260 provided by the external Accountants.
- PECRS FSR17.
- Income Support costs to the island.

The Committee continually returned to the same question being asked in each case. "Was that value for money?" It was decided that this was to be the underlying theme for the review.

Witnesses were to include the Chairman of PECRS, a representative of PriceWaterhouse Cooper and the Chief Internal Auditor.

The scoping document and Terms of Reference, once amended were to be approved by the Chairman and sent to the Chairmen's Committee for consideration. There was to be no press involvement at this time. The Committee considered that there was nothing of value to inform them of at this time. Hard copies of the review documentation were not expected to be required and documents were to be circulated electronically.

## **9. Future Meetings**

	The Committee agreed that the next formal scheduled meeting was to be at 12.30 pm on Monday 15 <sup>th</sup> October 2012 in the Blampied Room of the States Buildings.	<b>MR</b>
--	---	-----------