

STATES OF JERSEY



SHADOW PUBLIC ACCOUNTS COMMITTEE – TERMS OF REFERENCE

**Lodged au Greffe on 16th December 2003
by the Finance and Economics Committee**

STATES GREFFE

PROPOSITION

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

- (a) to agree that the Shadow Public Accounts Committee should be established from 1st February 2004, or as soon as possible thereafter, and that the Committee should operate in accordance with the terms of reference set out in the Appendix to the report of the Finance and Economics Committee dated 10th December 2003;
- (b) to agree that the States Audit Commission should cease to exist upon the establishment of a Shadow Public Accounts Committee with its membership being assumed within the Shadow Public Accounts Committee.

FINANCE AND ECONOMICS COMMITTEE

REPORT

1. The States Audit Commission was established by the States in March 1994. Its main objective, set out in its terms of reference, being to –

“initiate a programme of value for money reviews across all areas of public administration, and to report thereon to the States, through the Finance and Economics Committee.”
2. The States Audit Commission comprises 6 independent members appointed by the Finance and Economics Committee: 2 of these posts are currently vacant. There is also an independent Chairman, whose appointment is approved by the States on the recommendation of the Finance and Economics Committee. One member of the Finance and Economics Committee also sits on the States Audit Commission.
3. On 10th June 2003 the States considered and adopted P.59/2003 leading to the re-appointment of Mr. Timothy Dunningham as Chairman of the States Audit Commission for a further period of 3 years. The report of the Finance and Economics Committee recognised that Mr. Dunningham’s term of office could be less than 3 years if the appointment of a Comptroller and Auditor General and the establishment of a Public Accounts Committee are made within the 3-year period.
4. At its meeting on 24th July 2003 the States adopted P.79/2003, ‘Machinery of Government: Establishment of Scrutiny Panels and Public Accounts Committee’, and approved a trial period of ‘Shadow Scrutiny’ in advance of the introduction of the new system of government. The Privileges and Procedures Committee has agreed that this ‘Shadow Scrutiny’ should extend to establishing a Shadow Public Accounts Committee.
5. The purposes of Shadow Scrutiny, as described in P79/2003 are –
 - (i) to create opportunities for training both members and officers – in particular developing new skills;
 - (ii) to include a wide range of members in the Shadow Scrutiny process;
 - (iii) to provide a learning experience for officers supporting the Panels.
6. Attached as an Appendix to this report is a set of suggested terms of reference for the Shadow Public Accounts Committee. These terms of reference were approved by the Finance and Economics Committee at its meeting on 10th December 2003.
7. The terms of reference propose the following membership of the Shadow Public Accounts Committee –

Mr. Timothy Dunningham– Chairman;

a States Member who will be the Shadow Chairman, appointed by the States;

the Chairmen of the 2 Shadow Scrutiny Panels, appointed by the States;

4 independent members, appointed by the Finance and Economics Committee, after discussion with the Privileges and Procedures Committee;

a States Member, nominated by the Shadow Chairman and appointed by the States.
8. All the independent members, including the Chairman, will stand down upon the formation of the Public Accounts Committee and the appointment of a Comptroller and Auditor General.
9. The Privileges and Procedures Committee has recently written to all States Members to ask them to state

whether they are interested in becoming a member of one of the Shadow Scrutiny Panels or the Shadow Chairman of the Shadow Public Accounts Committee.

10. If the States approve the terms of reference, it is intended that the Shadow Public Accounts Committee will be established from 1st February 2004. This will be subject to the States agreeing by that date the Chairmen of the 2 Shadow Scrutiny Panels and the Shadow Chairman of the Shadow Public Accounts Committee.
11. Upon the establishment of the Shadow Public Accounts Committee, the current States Audit Commission will cease to operate. Its current membership will be assumed within the Shadow Public Accounts Committee.
12. There are no additional financial or manpower implications for the States arising out of this proposition.

10th December 2003

SHADOW PUBLIC ACCOUNTS COMMITTEE

SUGGESTED TERMS OF REFERENCE

With effect from 1st February 2004

1. The Shadow Public Accounts Committee (Shadow PAC) will operate until the establishment of the Public Accounts Committee upon the bringing into force of Ministerial government.

Responsibilities

2. The terms of reference for the Shadow PAC will be –
 - (i) to commission and receive reports investigating the value for money achieved by States departments and other public bodies and to report significant issues to the States Assembly;
 - (ii) to assess whether public money is being applied for the purposes intended by the States, that extravagance and waste are eradicated, and that sound financial practices are applied throughout the States administration;
 - (iii) to receive reports from the States Auditor on the results of the audit of –
 - the annual accounts of the States and its associated organisations and companies; and
 - the annual accounts of the Social Security Fund, Social Security (Reserve) Fund and Health Insurance Fund;
 - (iv) to report to the States Assembly any significant issues arising from these audits.

Membership

3. The membership will be –

Mr. Timothy Dunningham, the independent Chairman, reappointed by the States at its meeting on 10th June 2003, for a further period of 3 years.*

4 independent members, appointed by the Finance and Economics Committee, after discussion with the Privileges and Procedures Committee.*

A States member who will be the Shadow Chairman, appointed by the States.

The Chairmen of the 2 Shadow Scrutiny Panels.

A States Member nominated by the Shadow Chairman and appointed by the States.

* All independent members, including the Chairman, will stand down upon formation of the Public Accounts Committee and the appointment of a Comptroller and Auditor General.

4. The Chief Internal Auditor of the States Treasury (or his/her representative) will be required to attend all meetings of the Shadow PAC.
5. The Treasurer of the States (or his/her representative) will be required to attend meetings of the Shadow PAC if invited to do so.

6. In the event of an independent member resigning during their term of office, a replacement shall be appointed by the Finance and Economics Committee, following discussions with the Privileges and Procedures Committee, for the remainder of the term. If the Chairman resigns, the members shall appoint a Chairman from amongst the remaining independent members, and the name of the new chairman shall be reported to the States. If the Shadow Chairman resigns, his/her replacement will be considered by the Privileges and Procedures Committee and agreed by the States.
7. Membership shall be on an honorary basis. The approval of the Finance and Economics Committee is required to any scheme for the reimbursement of members' expenses.

Resources

8. The Shadow PAC will be provided with the annual budget of £30,000 which was previously provided to the States Audit Commission by the Finance and Economics Committee. The Shadow PAC will have access to the advice and assistance of the Chief Internal Auditor. The Shadow PAC may also request additional funds from the Privileges and Procedures Committee's consultancy budget for Shadow Scrutiny. Such requests will be prioritised against the bids of the Shadow Scrutiny Panels.
9. Officers from the Shadow Scrutiny Team will provide administrative support to the Shadow PAC. In particular they will arrange all meetings and public hearings of the Shadow PAC and ensure that an accurate record of these meetings and hearings is produced.

Meetings and reporting

10. The Shadow PAC shall meet as frequently as required to carry out its functions. The programme of meetings will be agreed by the Shadow PAC once it is fully constituted. A total of four members, at least 2 of whom should be States Members, must attend a meeting for it to be quorate.
11. In the absence of the Chairman, the Shadow Chairman will act as Chairman for the meeting.
12. All the meetings of the Shadow PAC shall be recorded, and the minutes shall be signed by the Chairman.
13. The Shadow PAC may report to the States on such matters and at such times as it thinks fit. The Shadow PAC will produce an annual report for the year ended 31st December 2004, and for every year thereafter until the creation of the Public Accounts Committee. This annual report shall be submitted to the States.
14. All members shall maintain the confidentiality of matters under discussion, and shall not publicly release any information nor make any public comment without the express approval of the Chairman. The Shadow PAC may from time to time authorise the Chairman to make public comment on its behalf.
15. The independent members will be required to complete a register of interests which will be held by the Greffier of the States. All members have a duty to declare to the Chairman any potential conflicts of interest which may arise on any item under discussion.

Supporting authority

16. In order to perform its responsibilities as set out in paragraph 2, the Shadow PAC will hold hearings in public or in camera as appropriate, send for persons, request papers and records and report to the States Assembly as and when required.

10th December 2003