

STATES AUDITORS: FURTHER EXTENSION OF CONTRACT

**Lodged au Greffe on 15th May 2001
by the Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

180

2001

P.77

Price code: A

PROPOSITION

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

to approve the further extension of PricewaterhouseCoopers' contract as States Auditor for the period ending 30th April 2003 to cover the audit of the 2001 and 2002 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. In April 2000 the States approved a further extension to the contract of one year.

The fee for the audit of the 2000 accounts was £140,000 plus out-of-pocket expenses. 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 years ended 31st December 2001 and 2002 for an annual fee of £145,000 plus expenses (which will not exceed £7,000). This fee increase is in line with inflation and fixed for the two-year period of the contract.

The Strategic Review of Audit Arrangements within the States of Jersey, undertaken in 1999 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 Clothier Committee’s report, following their review of the machinery of government in Jersey, also recommended the establishment of a Public Accounts Committee and Auditor-General.

The Policy and Resources Committee have been tasked with recommending a way forward regarding the implementation of all the recommendations made in the Clothier Report. At this time it is unclear when the Public Accounts Committee and Auditor-General might be established. The Finance and Economics Committee recommends that until the way forward is clearer, the States should approve a two-year extension to PricewaterhouseCoopers’ current contract as States Auditor.

The contract will cease on 30th April 2003 upon completion of PricewaterhouseCooper’s audit of the States of Jersey’s 2002 accounts.

The financial implications are set out above and there are no additional manpower implications for the States arising from this proposition.