

**WRITTEN QUESTION TO THE PRESIDENT OF
THE FINANCE AND ECONOMICS COMMITTEE
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 24th MAY 2005

Question

Would the President inform members –

- (a) what carry forward balances, if any, have been identified, and from which Committees' budgets, to fund the Economic Development Committee's Economic Growth Plan and would he state whether any other projects will now suffer as a result of this new priority; if so, which projects will be affected?
- (b) whether the Committee's policy to eliminate carry-forward budgets is counter-productive to any Committee's attempts to reduce spending given that Committees are now aware that any unspent budget at the year end will be returned to the central funds of the States?
- (c) whether the JD Edwards accounting system provides for any limitations in the accuracy of budget reporting and, if so, whether this could lead to unintentional reporting of, for example, underspends when such underspends do not in fact exist?

Answer

- (a) The Finance and Economics Committee, as in previous years, has considered requests from Committees to carry forward revenue votes from 2004 to 2005. The policy it applied was to allow positive carry forwards of up to 3% of original gross revenue expenditure budget except in exceptional circumstances. After applying that policy it was identified that excess carry forwards of £1.3 million in total could be returned to General Funds, including the following significant balances:

Policy and Resources	£211,009
Privileges and Procedures	£181,201
Finance and Economics	£900,191.

However, before returning those sums to General Funds the Committee considered the pressing need for pump-priming the States' approved Economic Growth Plan for 2005/06, and has approached both the Policy and Resources and Privileges and Procedures Committees for their agreement to apply their excess carry forwards to the Economic Growth Plan. In the event that those Committees do not agree to that application of those funds, they will be returned to General Funds.

Therefore, no projects will suffer as a result of pump-priming the States Economic Growth Plan as those funds, if not used for that purpose, will be returned to General Funds to contribute towards funding the deficits forecast prior to the implementation of the Fiscal Strategy.

- (b) The Committee would be disappointed should Committees unnecessarily spend taxpayers money simply to avoid having funds which they do not need being ploughed back into States finances to provide funding for future high priority expenditure. The Committee is not aware of any such misuse.
- (c) The JD Edwards system is a modern day financial ledger system with full functionality to be expected of such a system. At the year end the figures for that system form the basis for the financial statements which are audited. As such, assurance can be gained that all expenditure properly incurred is recorded on the ledger and that therefore any underspends (or overspends) are also accurate. As always, there is the possibility of human error, but the system itself is sound and robust.

