

### **3.14 The Deputy of Grouville of the Minister for Treasury Resources regarding the accountability of public expenditure:**

Would the Minister confirm to the Assembly that the Treasury and Resources Department is able to identify, quantify and justify, in respect of existing public policies, every expenditure of public monies, including that of non-Ministerial functions, and that if asked, with reasonable notice, each specific head of expenditure could be so accounted for?

#### **Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

I think this is an excellent question. I am trying to work out whether the Deputy wants me to answer... but I will answer in the generic sense. Within reasonable notice, the Treasury should be able to identify and quantify every item of expenditure in the States. Obviously what the Treasury cannot do is to justify every single item of expenditure made by individual departments. Every States-funded body, including the non-Ministerial functions, have, of course, an accounting officer who I appoint under the Finance Law. The functions of accounting officers are set out in the Finance Law and accounting officers are personally accountable for the proper financial management of their departments, to ensure that their departments are administered in a prudent and economic way and to ensure that all resources under their control are dealt with efficiently and effectively. So there are some specific items of expenditure proved under Article 11(8) of the Finance Law where I seek additional assurances from accounting officers. It has been my practice, for example, in agreeing Article 11(8) requests, that any department should have additional reporting of expenditure to ensure that every item is within the area which has been approved by this Assembly and there are stricter controls to ensure that money can only be drawn down from the Treasury. All departmental accounting officers of course also have to adhere to financial directions in respect of all expenditure.

#### **3.14.1 The Deputy of Grouville:**

I would like to reassure the Minister this is not a trick question. So could he just reassure the Assembly that all the public money is spent according to the standards and requirements of the Treasury Codes of Direction and he can in fact identify items? He said that it may not be possible to identify items, but with reasonable notice he can identify all the items spent.

#### **Senator P.F.C. Ozouf:**

Financial management is something that is constantly evolving and constantly improving, and the Treasury restructuring plan is designed to make further changes in improvements to the finance function across the States of Jersey. The question she asked was whether or not every single item of expenditure can be justified under a policy. Now, to create an accounting system that would account for every single item of expenditure under a policy that was approved in the Business Plan is clearly a Herculean administrative burden which we would not want to do. Certainly, individual departments and accounting officers have a business plan and they have to account for that expenditure within the agreed limits.

#### **3.14.2 Deputy M.R. Higgins:**

The Minister is constantly stating to this House that he is seeking efficiency savings. I would like to ask him why he could not then answer my written question, question number 5 here today, on archiving by States departments and agencies, because I happen to believe that a great deal of material is ignored and forgotten, at great cost to

the States. I would just like to ask, following on from this, if he cannot answer the question for this sitting, can he please do so for the next one because I believe a lot of money is being spent wastefully and it would help him achieve his efficiency saving.

**Senator P.F.C. Ozouf:**

I am delighted that the Deputy agrees with me that we need to work to be more efficient, and indeed, efficiency and savings are going to be the dominant issue of my work in the Treasury over the next few months. We are going to have to save tens of millions of pounds over the next few months. The Deputy must, I am sure, understand that compiling a set of information on the question that he asked in relation to archive storage, if that is going to take hours of work in order to produce a written answer, I am going to say to my officers: "Is that a priority? Is there a better use of your time to do that?" I am advised by my officials that this will be a burdensome piece of work for Property Holdings to do. If there is an issue about the use of archive storage and efficiency thereon, we will look at it, but I am not going to have tens of hours, days of time, spent on answering a question where we need to be doing productive work on driving efficiency on a much higher level and a much higher scale.

**The Bailiff:**

Deputy Grouville, do you wish a final question?

**3.14.3 The Deputy of Grouville:**

Yes, Sir, just briefly. Would the Minister agree with me or would he not agree with me that it is not unreasonable to account for items of expenditure under States policy?

**Senator P.F.C. Ozouf:**

If it is accounting for it under a States policy, then clearly the whole of the JD Edwards system is going to have to allocate each voucher of expenditure under a policy. That clearly is not going to be possible to do. I understand, and it is important that the point that she made is understood and accepted, that every single item of expenditure should be under a States policy. Obviously if she has areas of saying: "What does that particular policy or initiative cost?" if she is asking any Minister that, they should be able to answer that retrospectively by looking at where that allocation of expenditure is.