

**STATEMENT TO BE MADE BY THE SHADOW CHAIRMAN OF THE PUBLIC
ACCOUNTS COMMITTEE ON 5th JULY 2005**

The Shadow Public Accounts Committee (PAC) has today published its final report on the Jersey Competition Regulatory Authority.

In April 2004 the internal audit department of the States Treasury undertook an audit of the controls in place over the grant paid by the Economic Development Committee to the Jersey Competition Regulatory Authority (JCRA). The audit identified a number of significant weaknesses, including non compliance with the Competition Regulatory Authority (Jersey) Law 2001. Following the unfortunate leaking of the internal audit report to the media in June 2004, the report was published on 29th June 2004 (as RC.31/2004).

Given the seriousness of the audit report's findings the Shadow PAC has undertaken its own enquiries and concluded that there were inadequate corporate governance arrangements in place at the time the JCRA was first established.

The Shadow PAC is disappointed that the States did not learn from the lessons identified in the Audit Commission's report on 2020.je back in 2002, which identified a number of corporate governance weaknesses in the relationship between the States and the Jersey Information Society Commission. In that report the Audit Commission emphasised the importance of ensuring that there are standard arrangements for the governance and constitution of States funded bodies. Unfortunately, the Commission's words of warning were ignored.

The Shadow PAC's report clearly lays the blame for the JCRA corporate governance failings at the feet of the old Industries Committee which was responsible for establishing the Authority.

On a more positive note, the Shadow PAC states that it is pleased with the positive progress made by the Economic Development Committee and the new JCRA Board to address the shortcomings identified by the 2004 audit. Since the internal audit, the States have appointed a new JCRA Chairman and two new non-Executive Directors, there is also a new Executive Director. Earlier this year the internal auditors returned to the JCRA and reported that financial and corporate governance controls were much improved. Their latest scoring of the adequacy of controls is three out of a possible five which is a marked improvement on the 2004 score of one out of five.

The Shadow PAC hopes that all States departments will learn from the JCRA experience and ensure that funds they provide to other bodies are properly controlled and that accountability and corporate governance principles are set at the highest standards. The Shadow PAC is pleased to note that the Finance and Economics Committee has agreed to draw up corporate governance guidelines to strengthen the accountability between States departments and grant-aided and funded organisations.

The Shadow PAC will be presenting further reports on corporate governance in due course.