

The States as a Shareholder - Follow up Project Specification

Background

In 2014 the Comptroller and Auditor General (C&AG) undertook a review of Jersey Telecom (JT) to:

- report on the adequacy of the States' governance arrangements to discharge their responsibilities as a shareholder; and
- follow up the recommendations in the 2010 Deloitte Report on the Proposed Shareholder Relations Function.

The C&AG's report included a number of recommendations, including the need for a reconsideration of the reasons for owning JT, in whole or in part, and if the decision was made to retain ownership, to articulate clearly the reasons for the decision. It also included recommendations for improvements to the States governance arrangements to discharge their responsibilities as a shareholder which were applicable to all States controlled companies

Following the incorporation in the last three years of Andium Homes and Ports of Jersey, the States now controls seven companies.

The Functions of the Comptroller and Auditor General (C&AG)

Article 11 of the Comptroller and Auditor General (Jersey) Law 2014 requires the C&AG to:

- provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Public Finances (Jersey) Law 2005;
- consider and report to the States on:
 - the effectiveness of internal controls of the States, States funded bodies and funds;
 - the economy, efficiency and effectiveness in the way the States, States funded bodies and funds use their resources; and
 - the general corporate governance arrangements of the States, States funded bodies and funds; and
- make recommendations to bring about improvement where improvement is needed.

Objectives

The review will evaluate:

- the progress Treasury and Resources has made in implementing agreed recommendations;
- the extent to which the recommendations as implemented have addressed the improvement areas identified in the report;
- the adequacy of plans for the implementation of any outstanding recommendations; and
- the effectiveness of the design and operation of the current governance arrangements for the States as shareholder.

Scope

The review will not extend to the internal governance arrangements of the States controlled companies

The objectives and/or scope of the review may be amended in the course of the review in the light of emerging findings or other matters arising.

Approach

The review will focus on the States' role as owner of the Jersey Telecom Group and Ports of Jersey.

The review will commence with an initial documentation request. The findings of the document review will be followed up by interviews with key members of staff and potentially with key stakeholders within States controlled companies.

The detailed work will be undertaken by an affiliate engaged by the C&AG.



Initial document request

- Updated response to the recommendations in the C&AG's 2014 report
- Documents relating to the shareholder function including the Job Description of the head of the shareholder function
- For JT Group and Ports of Jersey:
 - List of key contacts, their email addresses and phone numbers
 - Memorandum of Understanding
 - Any shareholder agreement in force and any planned changes
 - Minutes of the half yearly meetings with the Chairman and Chief Executive for 2016 and 2017
 - Minutes of ad hoc meetings with the company including those held to discuss significant proposals that the company may wish to pursue and any capital requirements
 - Copies of all correspondence in respect of the shareholder function for 2016 and 2017; and
 - Details of the dividend strategy

ENDS