



II
2013

BILLET D'ÉTAT

WEDNESDAY 30th JANUARY 2013

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B I L L E T D ' É T A T

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **30th JANUARY, 2013**, immediately after the meeting already convened for that day, to consider the items contained in this Billet d'État which have been submitted for debate.

R.J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey
21 December 2012

TREASURY AND RESOURCES DEPARTMENT

NEW MEMBER

The States are asked:-

I.- To elect a sitting Member of the States as a member of the Treasury and Resources Department to complete the unexpired portion of the term of office of Deputy M. H. Dorey, who has resigned as a member of that Department, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.

STATES ASSEMBLY AND CONSTITUTION COMMITTEE

NEW MEMBER

The States are asked:-

II.- To elect a sitting Member of the States as a member of the States Assembly and Constitution Committee to complete the unexpired portion of the term of office of Deputy M. H. Dorey, who has resigned as a member of that Committee, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.

(N.B. Paragraph 7(7) of the Rules relating to the Constitution and Operation of States Departments and Committees states:

“If a member elected by the States to a Department or a Committee tenders his resignation from that office in a letter to the Minister of the Department or Chairman of the Committee as the case may be, and does not include in that letter a request that the matter be debated by the States, his resignation shall automatically take effect on the election by the States of a new member of that Department or Committee in his place.”

In this case Deputy Dorey has not asked that these matters be debated.)

THE PUBLIC ACCOUNTS COMMITTEE

THE APPOINTMENT OF EXTERNAL AUDITORS FOR THE
REGULATORY BODIES OF THE STATES OF GUERNSEY

The Presiding Officer
The States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

19th December 2012

Dear Sir

1 Executive Summary

- 1.1 The Public Accounts Committee (PAC) is mandated: *“to recommend to the States the appointment of the States’ External Auditors and their remuneration.”*
- 1.2 This States Report explains the process the Committee has undertaken to adhere to this section of its mandate and proposes that BDO Limited is appointed as the external auditors for the Regulatory Bodies of the States of Guernsey.

2 Background

- 2.1 The Public Accounts Committee is mandated to: *“recommend to the States the appointment of the States’ External Auditors and their remuneration.”*
- 2.2 The recently enacted Guernsey Competition and Regulatory Authority Ordinance mirrors the wording of the Committee’s mandate and provides as follows:

“Guernsey Competition and Regulatory Authority Ordinance, 2012

13 (4) The accounts of the Authority -

(a) shall be audited annually by auditors appointed by the States on the recommendation of the Public Accounts Committee”.

- 2.3 External Auditors are certified audit professionals who perform an audit on the financial statements of a company, government entity, other legal entity or organization, and who are independent of the entity being audited.

- 2.4 The States' external auditors are part of the corporate governance structure of the States of Guernsey, as they provide an opinion on the financial statements in accordance with applicable law.
- 2.5 In adherence to its mandate and statutory obligations, the PAC conducts the tendering process for the contract of the States external auditors, in accordance with the States' official tendering procedures.
- 2.6 One of the groups within the full tender for the States external audit contract, is the Island's Regulatory Bodies:
- a) The Guernsey Financial Services Commission; and
 - b) The Office of Utility Regulation
- 2.7 Once the process is complete, the Committee recommends to the States of Deliberation, the appointment of the company most appropriate for the contract.
- 2.8 The term of the contract is usually five years and at the end of each financial year, the Committee will give consideration to the satisfactory performance of the external auditors, before recommending to the States, their continuing re-appointment.

3 The appointment of the External Auditors for the Regulatory Bodies of the States of Guernsey and their remuneration.

- 3.1 Prior to the expiration in April 2012 of the previous contract for external audit services, the previous PAC conducted the tender process for its successor and BDO Limited was deemed to be the company most appropriate to audit the Guernsey Regulatory Bodies.
- 3.2 The remuneration during the proposed term of the contract will be:

| Regulatory Body | Annual Fee |
|------------------------|-------------------|
| GFSC | £ 8750 |
| OUR | £ 5920 |

- 3.3 The current PAC is therefore, recommending to the States of Deliberation the appointment of BDO Limited, as auditors for the Guernsey Regulatory Bodies and their remuneration, as detailed above.

4 Resource implications

4.1 There are no resource implications arising from this Report.

5 Good Governance

5.1 In preparing this Report, the Committee has been mindful of the States Resolution to adopt the six core principles of good governance as defined by the UK Independent Commission on Good Governance in Public Services (Billet d'État IV 2011). The Committee believes that the proposal in this Report, complies with those principles.

6 Recommendations

6.1 The Public Accounts Committee recommends that the States:

1) Approve the appointment of BDO Limited as the External Auditors for:

- (a) The Guernsey Financial Services Commission; and
- (b) The Office of Utility Regulation

2) Approve the remuneration for the term of the contract as follows:

| Regulatory Body | Annual Fee |
|-----------------|------------|
| GFSC | £ 8750 |
| OUR | £ 5920 |

Yours faithfully

Deputy HJ R Soulsby
Chairman

Deputy M K Le Clerc – Vice Chairman

Deputy P A Sherbourne

Deputy S A James, MBE

Alderney Representative P
Arditti

Mr P D H Hodgson

Mr J F Dyke

Mr P A S Firth

Mrs G Morris

The States are asked to decide:-

III.- Whether, after consideration of the Report dated 19th December, 2012, of the Public Accounts Committee, they are of the opinion:

1. To approve the appointment of BDO Limited as the External Auditors for:
 - (a) The Guernsey Financial Services Commission; and
 - (b) The Office of Utility Regulation.
2. To approve the remuneration for the five year term of the contract as follows:
 - (a) an annual fee of £8,750 for the annual audit of the Guernsey Financial Services Commission; and
 - (b) an annual fee of £5,920 for the annual audit of the Office of Utility Regulation.