

COMPTROLLER AND AUDITOR GENERAL

PROVISIONAL TERMS OF REFERENCE FOR A REVIEW OF THE STATES' MANAGEMENT OF EXCHANGE RISK ARISING FROM THE PROCUREMENT OF AN ENERGY FROM WASTE PLANT

1. This review is commissioned in accordance with the powers of the Comptroller & Auditor General as set out in the Public Finance Jersey Law 2005 to take place in the light of:
 - (1) the States' approval of the procurement of an Energy from Waste (EfW) plant;
 - (2) the agreed contractual arrangements surrounding that procurement;
 - (3) the fact that the contractual arrangements require that a significant element of the consideration payable by the States shall be paid in Euros rather than in Sterling;
 - (4) the fact that this requirement for payment in Euros exposed the States to a risk of changes in the effective cost of the procurement as a result of exchange rate movements; and
 - (5) the public concern that the States should take, but may not have taken appropriate steps to manage their exposure to this risk.

2. The purpose of the review is to examine:
 - (1) the circumstances surrounding the issues which given rise to the public concern mentioned in paragraph 1 above;
 - (2) the steps that have been taken to manage the States' exposure in respect of the EfW procurement for the period from the States' approval of the procurement to the beginning of 2009 and the adequacy of those steps;
 - (3) the adequacy of the arrangements that are now in place to manage the States' future exposure to such risk in respect of the EfW procurement; and
 - (4) any other detailed matters that appear relevant to items (1) to (3) above and the issues to which paragraph 1 above refers.

3. After my initial enquiries, I will consider whether other matters should be added to paragraph 2.
4. The outcome of the review will be a report prepared and published in accordance with the provisions of the Public Finance Jersey Law 2005.
5. I intend that this report will be completed and published in the shortest time possible.

C Swinson
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