



Beyond Westminster: A Global Perspective on Public Governance and Accounts

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About This Publication

Beyond Westminster: A Global Perspective on Public Governance and Accounts addresses the factors that contribute to public accounts committee (PAC) effectiveness in countries around the world. With the analyses and insights of eight authors, the publication looks at countries in 10 regions. Specifically, it examines PACs' effectiveness through the lens of three determinants: opportunity, capacity, and motivation.

At the Canadian Audit and Accountability Foundation, we have engaged in substantial research on the role and functioning of an effective Public Accounts Committee, which along with the institution of the Auditor General plays an integral role in oversight in Commonwealth countries. We believe this publication contributes valuable knowledge and insight in this important area. While this is not a CAAF publication, we are making it available as part of our commitment to knowledge sharing with our members and the broader oversight community.

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This book is dedicated to Kerry Jacobs, whose thoughtful insights and comments inspired both the authors and editors of this book

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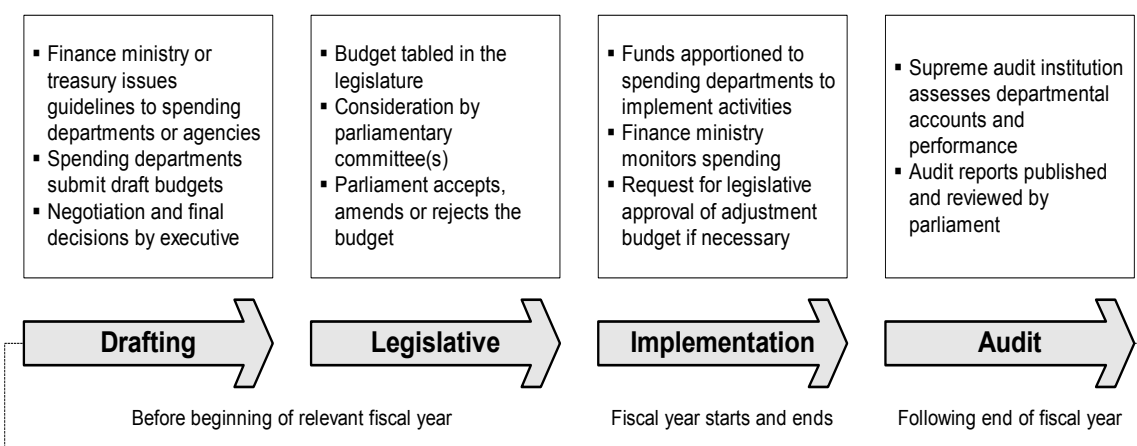
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Chapter 1

Introduction

Legislatures perform three functions—representative, legislative, and oversight—with the latter ensuring that governments implement policies and programs in accordance with the wishes and intent of the citizens. They undertake this oversight function in two ways: ex ante (overseeing the preparation of a given policy) and ex post (overseeing the execution and the implementation of a given policy). This dichotomy can be illustrated in the budget process. Legislatures are involved in the ex-ante drafting and legislative phases of the process and in the ex post implementation and audit phases of the budget process (see figure 1.1). This book is primarily concerned with the ex post legislative oversight of the budget process.

Figure 1.1 Stages of the annual budget process



Source: Wehner 2004.

Stapenhurst, Jacobs, and Pelizzo (2014) note that there is considerable variation in the legislative tools that legislatures can employ to perform their ex post oversight function. This variation largely reflects differences in constitutional arrangements and, in particular, the type of government. The legislative tools used to undertake such oversight include parliamentary committees, questions in the legislature, interpellations, debates, the estimates process, scrutiny of delegated legislation, private members' motions, and adjournment debates, along with extra-parliamentary tools such as supreme audit institutions and ombuds offices. Together, these tools allow legislators to raise issues relating to the use of governmental power, to call upon the government to explain actions it proposes to take or has taken, and to require government to justify its policies or administrative decisions (Pelizzo and Stapenhurst 2004a; Pelizzo and Stapenhurst 2004b).

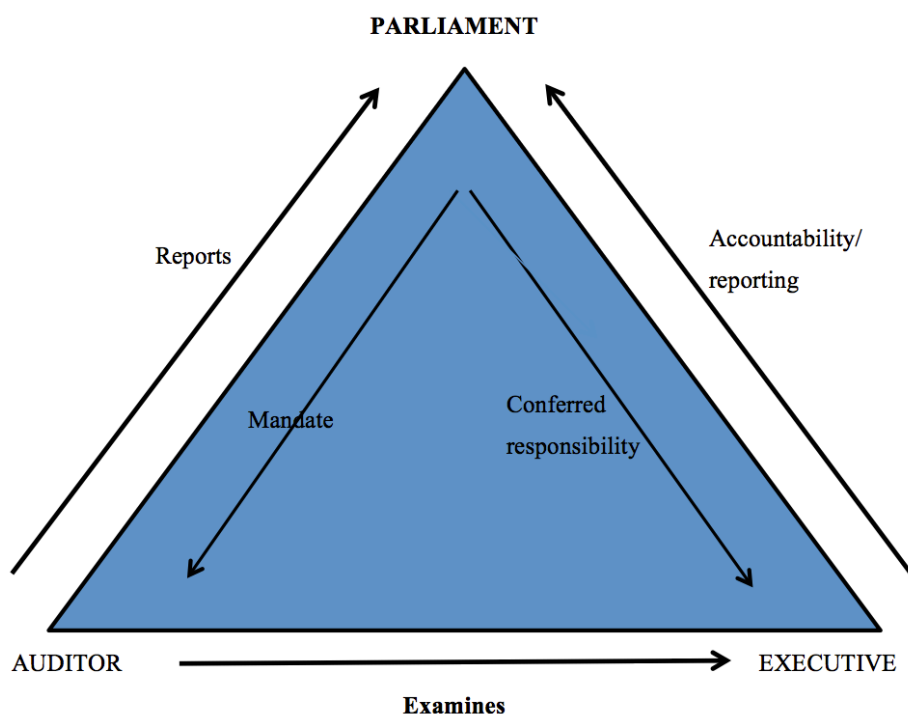
One of the tools that a legislature can use, especially in its ex post oversight of the budget, is a specialized audit committee often known as the public accounts committee (PAC). Whereas the first PAC was constituted in Norway in 1814, the archetype PAC is associated with the model that originated in the 19th-century British Parliament. In Britain, the House of Commons had wrested control of finance from the crown by the 17th century (Chubb 1952). However, it was in the 19th century that control was more developed,

and, in 1862, the British PAC was established by the then Chancellor of the Exchequer, William Gladstone. Gladstone's proposal for membership to the PAC essentially required a sound understanding of public sector financial management and accountability—a requirement that remains relevant today.

Just as legislatures need useful information to perform their oversight and other functions effectively (Frantzych 1979), so PACs need information to perform their task effectively. This information is generally provided by the legislative auditor, or auditor general. In the British (or more commonly, the Westminster) model, the auditor reports to the legislature (and the public at large) on whether public sector resources are appropriately managed and accounted for by the executive government and his or her reports are used as the cornerstone of the work of PACs (Stapenhurst, Jacobs, and Pelizzo 2014).

The exact nature of the (often symbiotic) relationship between the legislature and the auditor varies considerably. In most Commonwealth countries, the auditor general is a core element of parliamentary oversight and he or she may report directly to parliament and the PAC. In some countries, such as Australia and Canada, the auditor general is an officer of parliament, which guarantees his or her independence from the executive, whereas in some other countries, he or she is independent of both the executive and the legislature, as is the case in India. PACs are generally seen as the apex for financial scrutiny and have been promoted as a crucial mechanism to facilitate transparency in government financial operations (see figure 1.2).

Figure 1.2 Fiduciary Obligation



Despite common origin in the British PAC, there is considerable variation in PACs' terms of reference and modus operandi around the world. Recent research (Stapenhurst and others 2005; Pelizzo and Stapenhurst 2012; Stapenhurst, Jacobs, and Pelizzo 2014) shows three key factors affecting PAC performance:

opportunity (as affected by mandate and terms of reference), capacity (the skills of committee members and the resources, especially staff members, available to them), and motivation (initially thought by McGee [2002] to include presence of opposition members on the committee and whether the chair was from the opposition or governing party, but more recently extended to include the political will of legislators [Pelizzo and Staphenurst 2012]).

The similarities and differences across PACs around the world are explored in this book. In some countries the terms of reference are narrowly defined; in those cases PACs concentrate exclusively on financial probity. In other countries, the terms of reference are more widely defined and the committee focuses not only on financial probity but also on the efficiency and effectiveness of programs in achieving the objectives for which they have been established. Considerable variation exists, too, in the relationship between the auditor general and the PAC, the status of the PAC within parliament, how the PAC conducts its business, how the PAC reports to the legislature, and on requirements for government follow-up on PAC recommendations. Those and related issues are examined in detail in McGee (2002) and in Staphenurst, Jacobs, and Pelizzo (2014). An important feature in virtually all jurisdictions is the fact that PACs do not question the desirability of a particular policy—that is the mandate of parliamentary departmental committees. Rather, PACs examine the efficiency and effectiveness in the implementation of policy.

Background

In 2002, David McGee wrote a comprehensive report on the two critical elements in the system of budget oversight noted in the previous section, namely the PAC and the auditor general (McGee 2002). Based on the deliberations of the first study group on PACs organized by the Commonwealth Parliamentary Association (CPA) and the World Bank Institute (WBI) and hosted by the Ontario Legislature (Canada) in 1999, McGee examined current practice across the Commonwealth regarding the roles and functions of and the interaction between those two institutions. McGee (2002) highlighted the importance of building the capacity of PACs and auditors-general, as well as ensuring the independence of both the PAC and the auditor general from executive interference and the desirability of enhanced information exchange between PACs.

Subsequently, Staphenurst and others (2005) and Pelizzo and others (2006) defined successful PAC performance and identified those factors that facilitate or hinder such performance. They analyzed PAC practices and procedures in Commonwealth parliaments in Asia, Australasia, Canada, and the United Kingdom. Their findings were largely consistent with those of McGee. The PAC chairs reported that information availability and bipartisanship or nonpartisanship are critical conditions for the success of the PACs, as two of McGee's three conclusions had previously suggested. But they also developed a much better understanding of how the capacity of the PACs can be built. Two sets of factors seemed important in this regard: the institutional design of the PAC and the behavior and functioning of the PAC.

The success of the PACs was found by Staphenurst and others (2005) and Pelizzo and others (2006) to depend on how a PAC's power and mandate was institutionalized. In this respect, they suggested that PACs should focus on governments' financial activity and accountability rather than evaluating or assessing the content of the governments' policies. Second, they suggested that PACs should have the power to

investigate all past and present government expenses, regardless of when they were made. They also found that PACs should be given the power to verify whether government has undertaken some steps to implement recommendations from the PAC itself and that PACs should have a close working relationship with the auditors general (Stapenhurst, Jacobs, and Pelizzo 2014).

The success of the PACs was also found by Stapenhurst and others (2005) and Pelizzo and others (2006) to depend on the behavior of its members and the functioning of the committee itself. Here the authors identified some obvious best practices: PAC members should act in a nonpartisan fashion and try to have a good working relationship with members of other committees despite possible partisan differences. In its functioning, the PAC should always strive for consensus, a point previously emphasized by McGee (2002). It was also found that effectiveness in the PACs' activity increases whenever committee members "study the documentation and prepare themselves before the PAC and ... keep the transcripts of their meetings, publish their conclusions and recommendations, and seek to involve the public and the media" (Stapenhurst and others 2005, page 25).

Over the past decade, additional studies have been undertaken. Some were country case studies, while others compared PACs in different countries; some employed qualitative methods, and others used quantitative methods; some focused on the organization and structure of the PACs, while others focused on their working practices. But regardless of their approach, focus, and sample size, nearly all studies were concerned with what makes PACs work effectively. Whereas this focus was nearly unanimous, there was much less agreement on what is responsible for PAC success or, indeed, on how PAC success should be measured.

Stapenhurst, Jacobs, and Pelizzo (2014) reviewed the various indicators used to measure PAC success. They noted that some studies measured success on the basis of the amount of activities that PACs undertook, whereas others did so on the basis of the PACs' ability to achieve policy-relevant results, to recover misallocated funds, or to save public money. They further suggested that if one were to measure the success not so much of specific PACs, but the success of the PAC as an institutional model or archetype, then one could measure that success on the fact that the PAC was an institutional device that had travelled far.

As noted above, the archetype PAC was introduced in the mid-19th century in the United Kingdom and subsequently spread not only to all countries in the British Commonwealth, but also to countries that have no historical or institutional ties with the Westminster model of parliamentary governance. Indeed, Stapenhurst, Jacobs, and Pelizzo (2014) suggested that if institutional reformers in highly diverse countries such as Ethiopia, Indonesia, and Thailand had not regarded the PAC as an effective oversight tool, they would not have reformed their institutional architecture and their parliamentary committee by adopting and adapting the PAC.

Stapenhurst, Jacobs, and Pelizzo (2014) confirmed earlier findings that PAC performance depended on three broad issues: opportunity, capacity, and motivation. Opportunity, they suggested, was determined by the mandate and terms of reference of the PAC. They noted considerable variation in PACs' terms of reference

and modus operandi around the world. In some instances, they found that the terms of reference were narrowly defined; in those cases, PACs concentrated exclusively on financial probity. In other instances, the PAC did not simply focus on financial probity but also on the efficiency and effectiveness of programs in achieving the objectives for which they had been established. Stapenhurst, Jacobs, and Pelizzo (2014) found that this “scope of work” was one of the principal factors affecting PAC performance.

Depending on the scope of their mandate, PACs may be given additional and more specific powers to perform their tasks. For example, they may be given the power to examine the public accounts, the comments on the public accounts, and all the reports drafted by the auditor general. The PAC may also have the power to conduct, directly or indirectly, some investigations; to receive all the documentation that it considers necessary; to invite government members to attend the meetings of the PAC and thereby respond to the questions of the PAC’s members; to give publicity to their own conclusions; to report to parliament and to suggest to government—when considered necessary—how to modify its course of action.

Considerable variation is found in the relationship between the auditor general and the PAC, the status of the PAC within parliament, the way in which the PAC conducts its business and reports to the legislature, and the requirements for government follow-up on PAC recommendations.

Regarding capacity, Stapenhurst, Jacobs, and Pelizzo (2014) found that the size of the PAC also varies from country to country. For example, three members are in the Australian Capital Territories PAC, 17 in Canada, and 22 in India. But does size matter? Scholars and practitioners alike have failed to detect any meaningful relationship between oversight capacity and oversight effectiveness, which has led several organizations to develop better metrics of effectiveness: the Parliamentary Centre (2011), the Commonwealth Parliamentary Association (2006), the National Democratic Institute (2007), and Stapenhurst (2011), for example, claimed that better measures need to be developed. Responding to this finding, Stapenhurst, Jacobs, and Pelizzo (2014) found that the number of staff members supporting the PAC was an important factor in determining PAC performance, as was having a stable committee membership (ideally lasting one parliamentary session) and members with sufficient knowledge and expertise.

A new development in the consideration of PAC effectiveness is a focus on political will. Espoused by Ebo and N’Diaye (2008), AAPP (2008), and Pelizzo and Stapenhurst (2012), this approach holds that motivation is the single most important determinant of legislative oversight effectiveness. It introduces a voluntaristic element overlooked by all the other approaches. Motivation, they suggest, can come from the partisan composition of the PAC and from more general public concerns about good governance and government accountability.

Stapenhurst, Jacobs, and Pelizzo (2014) noted that in many countries, the chair of the PAC is a prominent member of the opposition. This finding, they noted, suggests two basic functions: first, it re-equilibrates the balance of power between the government and the opposition and second, it performs a symbolic function—it indicates the willingness of both the majority and the minority to operate within the PAC in a bipartisan manner. In some countries, such as the United Kingdom and India, having a chair come from the

opposition is the result of “a very strong convention” (McGee 2002, 66). In other countries, this practice is codified by the same norms and rules that establish the PAC itself. For example, Article 120E(4) of the Standing Orders of Malta’s Parliament establishes that “one of the members nominated by the Leader of the Opposition and so designated by him in consultation with the Leader of the House shall be appointed as Chairman of the Public Accounts Committee.” In a similar vein, article 87(5) of the Standing Orders of the Tanzanian Parliament establishes that “the Chairperson for the Public Account Committee shall be elected from amongst the Members of the Committee from the Opposition.”

Pelizzo and Stapenhurst (2012) argued that there was a portion of oversight effectiveness that could not be explained by the number of tools available to a legislature, the presence or absence of specific institutions that may assist a legislature in its oversight tasks, or other facilitating conditions. They found that the reasons for PAC success were also to be found in the willingness of legislators to effectively perform their oversight tasks. This point was underscored by members of the second CPA-WBI study group, held in 2009. They highlighted the importance of what was alternatively called political will or attitude and also shed some light on the conditions under which such political will would most likely emerge. PACs, they suggested, have an interest in effectively overseeing the actions of the executive. Because the oversight process can generate a plurality of outcomes (disclosure of information, modification of legislation, disciplinary action, legal action, increase in the level of legitimacy enjoyed by the legislature, and so on), we can assume that a legislature effectively engages in an oversight activity when it has the reasonable expectation of deriving a benefit (material, symbolic, or otherwise) from one or more of those outcomes.

At times, a legislature may not have the political will to oversee the executive. And at times, a legislature may be noted more for its acquiescence than for its determination to keep the government accountable. In these instances, legislators may believe that they have more to gain, both individually and collectively, from being ineffective than effective overseers. In other words, the presence or absence of political will reflects the structure of incentives confronting legislators. The implication is that if the structure of incentives changes, a legislature that was previously content to avoid its oversight tasks may find plenty of incentives to engage in effective oversight of the executive. But how can the structure of incentives be modified?

As soon as the voters demand that the government be held accountable for its actions, decisions, policies, and expenditures, then the structure of incentives shifts: it becomes rewarding for legislators to engage in effective oversight. In other words, it is sufficient to generate voter demands for accountability to ensure that the legislature will effectively perform oversight activities. If voters demand more effective oversight and are willing to reward effective overseers for their oversight activity, legislators can derive clear benefits from effectively performing the oversight function.

The data on which the chapters in this book are based were collected by the World Bank and the Commonwealth Parliamentary Association over the period 2009 through 2015. An 87 questionnaire survey

was sent to PACs around the world¹ – some 80 in total. Initial results were presented at a series of workshops around the Commonwealth, to validate the analyses. It should be noted, however, that the world of PACs is changing constantly – and that some of the PACs described in this book have already evolved, learning from good practice elsewhere and adjusting to new political realities.

Outline of the Book

This book examines three determinants of PAC effectiveness: opportunity, capacity, and motivation, as they pertain to the different regional adaptations and permutations of the PAC. Chapter 2 presents the PACs of the British Isles: those in the British Parliament in London (which itself has moved some considerable distance from the traditional Westminster archetype); in the newer parliaments of Northern Ireland, Scotland, and Wales; in the small island states of Jersey, Guernsey, and the Isle of Man; and also the PAC in Ireland.

Chapters 3 and 4 look at the European Union (EU) and the Nordic region, respectively. Chapter 3 examines the PACs and their equivalents across the EU, comparing and contrasting the Westminster and Napoleonic models of oversight, and identifies some unique variations to the Westminster model, such as Germany—where the PAC is a subcommittee of the powerful finance committee. The Nordic region is interesting, as it includes two PACs that predate the British PAC (those in Norway and Denmark), one that was established only a decade ago (Finland), and the Danish PAC, which is a unique extra-parliamentary committee that allows nonmembers of parliament to sit on the committee.

Chapters 5, 6, and 7 examine the PACs in East, West, and Southern Africa, respectively. Some commonalities and several differences appear both within and across regions. In East Africa, Chapter 5 summarizes recent research on parliamentary oversight in East Africa, in general and on PACs and their relationships with Auditors General, in particular, as well as on the role of the Tanzanian parliament overseeing revenues and operations of foreign mining companies. Interestingly, the recently formed Nordic Association of PACs was inspired by the East African Association of PACs, formed about 10 years ago. In West Africa, PACs are in countries with presidential forms of government—Liberia and Nigeria—the former being a good example of a “new” PAC in a country with no historical or social ties to the United Kingdom and where the genesis of a PAC is rooted in a parliamentary visit to Ghana².

Chapter 8 examines South Asian PACs. The South Asian region has a wide variety of PACs, ranging from the older, well-established committees of India and Sri Lanka in the Commonwealth to the newer committees in countries with no historical ties to Britain, namely Afghanistan, Bhutan, and Nepal. Interestingly, one South Asian country, Pakistan, found that having a PAC was so important that the committee continued its existence even when parliament had been dissolved and the country was governed by the military.

¹ Chapter 3 is based on an abridged survey questionnaire, which was administered by students at Maastricht University while Chapter 4 is based on an adaptation of the survey questionnaire, which was administered by the Nordic association of PACs.

² The results of the survey of PACs in Eastern and Southern Africa were published by Pelizzo and Kinyondo (2014). Instead of replicating their analysis here, Chapters 5 and 7 present a rather different analysis than that in the other chapters in this book: they present a benchmarking of committees in those regions; this approach is based on Stapenhurst and Kroon (2011).

Chapter 9 looks at the PACs in the Pacific Island states. For the most part, these PACs struggle with the particular challenges of PACs—and parliaments more generally—found in small states. Their approaches to these challenges vary from country to country, but in many they deserve greater consideration, even by larger countries. In Tuvalu, for example, the PAC has appointed nonmembers of parliament to serve as committee members.

Chapter 10 examines the PACs in Australia and New Zealand. Australia represents an interesting exception to the conventional wisdom that the chair of the PAC should be from the opposition; in the federal parliament, as well as in some of the states, the chair is usually a member of parliament (MP) from the governing party. This choice is motivated by the fact that “in Australia it is considered advantageous to have a government Member as Chair, as this can assist with the implementation of the PAC’s recommendations. It is regarded as the duty of the Chair to advocate that the PAC’s recommendations be taken up and implemented by the government. This can involve behind the scenes work persuading reluctant ministers to act. A government Member can do this more effectively than an opposition Member who as political opponent will not have the confidence of the ministers” (McGee 2002, 66). New Zealand is interesting as its PAC was one of the first to examine the budget *ex ante* as well as *ex post*.

PACs in the Caribbean have been under-researched, with the result that considerably less is known about them, their particular problems – in some instances - their success stories. Chapter 11 helps correct this lack of information. It shows some significant differences in the way PACs operate across the Caribbean, although their primary focus remains the nonpartisan audit of public expenditure.

Looking at sub-national PACs, Chapter 12 presents an in-depth assessment of state-level PACs in Nigeria. Taken with the findings of Chapter 10, and coupled with research undertaken by CAAF on the provincial PACs in Canada, it marks the start of a much needed focus on sub-national PACs, both at the provincial/state level and an interesting area worthy of more study, at the municipal level.

Chapter 13 compares and contrasts the mandate, opportunity, and motivation of PACs across the world and draws some conclusions.

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Chapter 2

The Parliamentary Public Accounts Committee: A British Isles Perspective

Anthony Staddon

Introduction

This chapter¹ reviews the range of structures, responsibilities, and working practices adopted by public accounts committees (PACs) in the British Isles. The review includes one of the first PACs created—in 1861, in the United Kingdom (U.K.) House of Commons, which has become the archetype of what is commonly referred to as the Westminster model of parliamentary oversight. It also includes some of the most recent PACs established in the devolved legislatures and in Guernsey and Jersey. The chapter analyzes responses to a questionnaire that was sent to legislatures in Guernsey, Ireland, Isle of Man, Jersey, Northern Ireland, Scotland, United Kingdom, and Wales.

The results of the survey show some significant differences in the way PACs—or specialized audit committees—operate across the British Isles, although their primary focus remains the nonpartisan audit of public expenditure. The variations reflect the different experiences that exist across PACs in other countries that have adopted the PAC model. Yet current practices within the British Isles serve as a timely reminder that many of the foundations of the Westminster model are under a strain: the current chair of the U.K. PAC has been very vocal in calling for greater accountability of the civil service to parliament for executive decisions.

Powers, Responsibilities, and Functions of the PAC

A key factor for a successful committee is generally considered to be a broad scope or mandate (Stapenhurst and others 2005). Every PAC in the United Kingdom reported having the unrestricted right to access government agencies within and outside the finance ministry. All also reported having unrestricted rights to examine public accounts and financial affairs and to consider issues of efficiency, economy, and effectiveness of program and policy implementation. Such rights of access may be interpreted as a minimum requirement for PACs within the region.

The differences across jurisdictions are interesting. The Jersey and Wales PACs have access to most organizations and officials, whereas Ireland has the least access, for example, no access to statutory authorities, government-owned corporations, local governments, or government-funded nongovernmental organizations (NGOs). The Isle of Man and Jersey PACs have a much wider focus, reporting an unrestricted right to consider budget estimates. Only the Isle of Man and Wales reported an unrestricted right of access to local government. Although each PAC has an unrestricted right of access to parliamentary expenditures, only

¹ This chapter is an edited version of a paper originally commissioned by the World Bank Institute (WBI) as part of a wider WBI-sponsored project investigating the work of PACs across the world.

Scotland and the United Kingdom have no right of access to those expenditures. Following the 2009–10 controversy concerning U.K. members' expenses, an assessment should consider whether this scandal could have been avoided (or perhaps exposed earlier) if the National Audit Office (NAO) had statutory powers to carry out audit and value-for-money studies of such expenditures.

A perennial problem for PACs is dealing with access restrictions. Within the region, the problem is particularly evident in Guernsey, where access rights for the PAC are still being explored, following its formation in 2004. Pressures to widen public audit practices exist elsewhere: only within the past 10 years has the U.K. NAO, and by extension the PAC, been able to undertake public sector audits of certain non-departmental public bodies that are registered companies, as well as audits of their subsidiary companies. Other notable recent developments include the announcements in 2010 that Civil List expenditures and the British Broadcast Corporation (BBC) accounts would be subject to NAO and PAC scrutiny.

Relations with the Auditor General

PACs were established to ensure parliamentary follow-up to auditor general (AG) reports. This step is advantageous for members of the PAC; as a member explained to the House of Commons in July 2006, “we need not be experts in every subject that they [the NAO] investigate; in many instances, it is sufficient for us to put weight behind their efforts.”² This relationship does not exist on the Isle of Man and in Guernsey, although an office of the AG akin to those in neighboring jurisdictions is being developed on the Isle of Man. The office will replace the previous arrangement whereby the Treasury contracts two external auditors (companies) through a tendering process. Similar proposals are also being discussed in Guernsey.³

The major variance across PACs in their relationship with the AG lies in their ability to refer matters to the AG for investigation. Ireland, Jersey, and Northern Ireland have an unrestricted right to refer matters (although the AG may not be obliged to do anything in response). The right of referral does not exist in Scotland and Wales, whereas the U.K. AG has complete discretion in the choice of the NAO's program of value-for-money studies; however, the AG is obliged by statute to consult the PAC.

Despite the political and operational independence of the AG, one might logically assume that most are sensitive to the political environment in which they operate. However, this sensitivity may be less acute in the British Isles because of the limited operational relationship between the AG and Audit Office and the PAC. Within the British Isles, bodies that are separate from their respective PACs—but often with overlapping membership—usually deal with the Audit Office's annual budget and resources, confer or exempt the AG from certain legislated obligations, and approve the appointment and removal of the independent auditor of the Audit Office.

² House of Commons Debates, 18 July 2006, col. 278, <http://www.publications.parliament.uk/pa/cm200506/cmhansrd/vo060718/debtext/60718-0022.htm>.

³ At the time of writing, an external auditor is appointed by the states on the advice of the PAC, and the committee oversees the appropriate procurement work. Other reviews submitted to the Guernsey PAC are carried out by third-party reviewers.

The arm's-length approach has been justified because a PAC may have a vested interest in maximizing the resources that go to the Audit Office, and the audit's independence could be threatened if the structural connections with the AG are dealt with by the PAC. In addition, "the PAC, as the main customer for the AG, might not offer the more strategic approach of a Commission when considering the budget of the NAO" (Gay 2008). Other regions, such as Australia and New Zealand (see chapter 10), take the view that these functions are an essential part of the PAC.

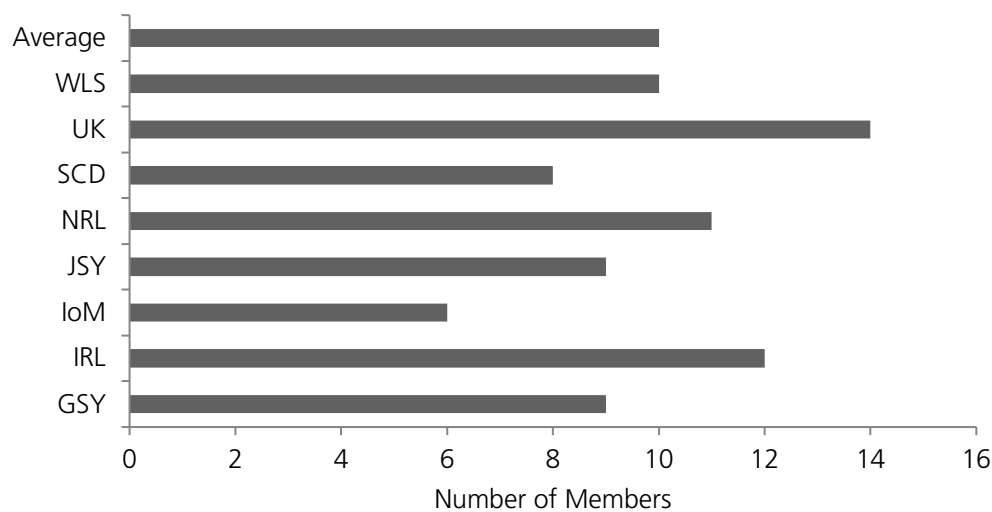
The U.K. Public Accounts Committee's oversight capabilities were called into question following adverse publicity generated by publication in 2007 of the expenses of the then AG. One consequence was an intended strengthening of the corporate governance at the NAO through a new board and audit committee to supervise the NAO's strategies and budget. Although the principal duties of the Public Accounts Committee are to examine the NAO estimate, to consider reports from the appointed auditor of the NAO, and to appoint nonexecutive members of the NAO board, concerns have been raised that the changes will result in a further separation between parliament and the AG.

Membership and Leadership of the PAC

Developed committee systems generally have a small and permanent membership (Norton 1998). The typical size of a PAC in the Commonwealth of Nations member parliaments is 11 PAC members (McGee 2002) and the average size in the British Isles is 10 members, with some variation owing to the relative size of the parliament and perhaps also their remit (see figure 2.1).

An interesting innovation is the presence of nonelected members in Guernsey and Jersey. The Guernsey PAC includes four non-state members who are voted in by the States of Guernsey members. In Jersey, standing orders require that the PAC consist of an even number of members, determined by the chair (but not fewer than four), of whom half must be elected members who are not ministers or assistant ministers and half must be persons who are not members of the states. A public-selection process is used with applicants appointed by the parliament.

Figure 2.1 PAC Membership by Jurisdiction



Note: GSY = Guernsey; IoM = Isle of Man; IRL = Ireland; JSY = Jersey; NRL = Northern Ireland; SCD = Scotland; UK = United Kingdom; WLS = Wales.

A democratic element can be protected by ensuring that a quorum includes a set number of elected members: to have a quorum, at least two of the Jersey members present must be elected members. The use of nonmembers deserves further research to determine the extent and effect of this practice, because it appears to have significant advantages for legislatures in small jurisdictions under the Westminster system, which may be unable to find sufficient members with the required level of expertise. The practice could also reinforce the PAC's nonpartisanship.

A survey of PAC chairs in the Commonwealth identified two factors as determinants of a PAC's success: having balanced representation and the excluding government ministers (Pelizzo and Stapenhurst, 2008). The two factors, which are largely met in the British Isles, ensure the PAC's political legitimacy and independence. Membership of the PAC is usually proportionate to party membership in the House (by convention or through the standing orders), with the result that the government party or parties will usually have a majority on the PAC (Guernsey, Isle of Man, and Jersey do not operate a party system). All PACs reported that members were appointed for the length of the legislative term, but members can be reassigned during the term, and membership can change several times (continuity of membership is expected to enhance the development of expertise within the PAC).

Views as to how prestigious PAC memberships differ. The PAC is seen as "parliament's pre-eminent committee, with service on it considered to be a matter of prestige," but a perception also exists that members are reluctant to serve on PACs because politicians "are policy-oriented in their interests" (McGee 2002). Northern Ireland offers an interesting example. According to a report of a visit to that jurisdiction by the Manx PAC, the Northern Ireland PAC is respected as the most important committee in the system,

although members were reportedly keener to be on subject committees when the assembly was first set up (Tynwald Standing Committee on Public Accounts 2008).

The relatively low regard in which the PAC in Guernsey is held has been explained by the fact that membership of the four parliamentary committees is decided only after the appointments to other key positions within the states have been determined. Furthermore, members have commented that deputies with aspirations to become ministers are unlikely to want to become members of the committee, which is likely to be critical of serving ministers' portfolios (Brooks and MacNeill 2012). Such comments demonstrate the watchdog role played by the PAC, but they also suggest that ambitious deputies may avoid membership or play a less active role on the committee.

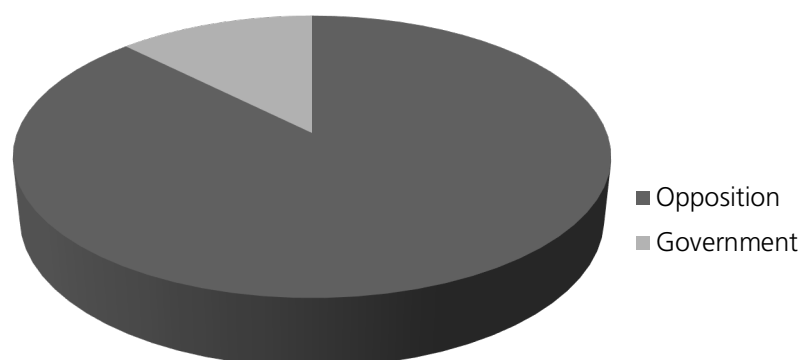
The U.K. PAC consists of members of parliament who are experienced or are just beginning their parliamentary careers. This mixture of new and experienced members is important: members with long service will have experience with the workings of government and the ways of the civil service, whereas new members are normally grateful for "the best possible training to see not only how parliamentary committees work, but how Whitehall works."⁴ Nonmembers in Guernsey and Jersey may also have some former parliamentary experience. This will ensure institutional memory and experience, although continuity is also provided where the auditor general (where relevant) remains in his or her post. Another useful tool for passing on experience to successor committees is the use of a legacy paper, as in Scotland.

All PACs, with the exception of the Isle of Man, reported that the chair of the PAC was a member of the opposition. This finding reflects the average across the Commonwealth, where 67 percent of chairs are opposition members (McGee 2002). The Manx PAC chair has a role in the executive function, which is consistent with precedent but is not mandatory.

To differing degrees, political parties have control over the appointment of the PAC chair, even when the appointment is in the hands of the committee. Following changes introduced after the 2010 U.K. general election, the majority of select committee chairs, including the chair of the PAC, are now elected by their fellow members of parliament, rather than by the members of the relevant committee (formally) or by party managers (the previous practice). All PACs reported that their chairs are appointed for the term of the parliament (see figure 2.2).

⁴ House of Commons Debates, 26 Jan 2006, col. 1616
<http://www.publications.parliament.uk/pa/cm200506/cmhansrd/vo060126/debtext/60126-34.htm>.

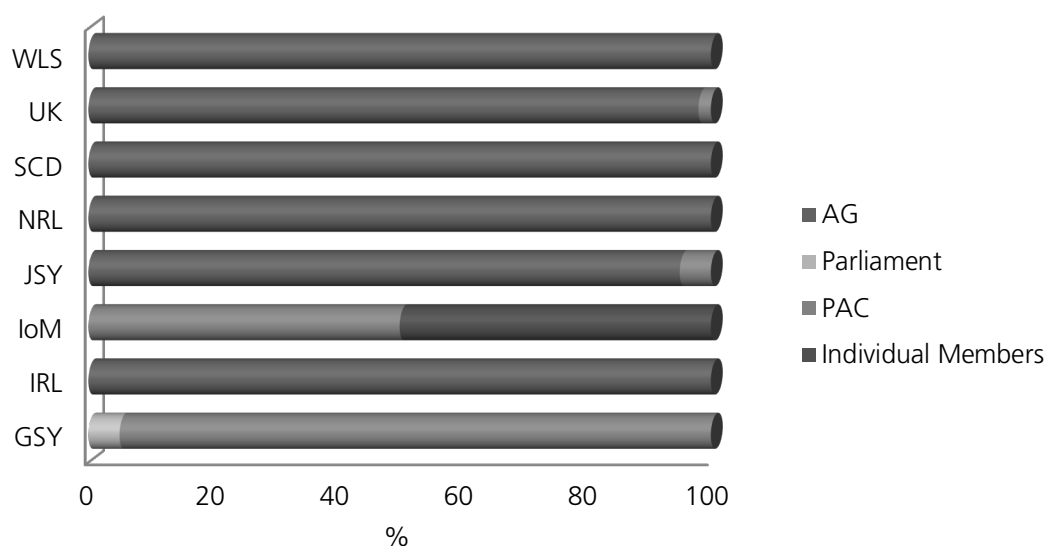
Figure 2.2 PAC Chairs: Government or Opposition?



PAC Workload and Meetings

Measuring the number of PAC meetings and their attendance gives an indication of the workload and commitment of the committee as well as of individual members. In Northern Ireland in 2007–08, members attended 68 percent of PAC meetings, on average (Northern Ireland Assembly 2009). This rate compares with an average attendance rate of 47 percent and 87 percent in the United Kingdom and the Isle of Man, respectively, in 2007–08 (House of Commons 2009; Tynwald Standing Committee on Public Accounts 2008). The United Kingdom holds the most meetings, about 42 hearings per session, and the Isle of Man and Jersey hold the fewest, less than 10 (see figure 2.3).

Figure 2.3 Bodies Initiating PAC Activities, Inquiries, and Reports



Note: GSY = Guernsey; IoM = Isle of Man; IRL = Ireland; JSY = Jersey; NRL = Northern Ireland; SCD = Scotland; UK = United Kingdom; WLS = Wales.

Self-initiated inquiries made up about 19 percent of PAC inquiries. In Guernsey and the Isle of Man, comparing the number of reports based on plan and budget could be a useful tool for assessing the effectiveness of the committees. No PAC in the two states reported receiving work from ministerial sources; 5 percent of cases are referred by parliament in Guernsey (95 percent of inquiries are self-initiated). The small scale of government in Jersey means that much is decided informally—perhaps an audit review arising from a question in the assembly or from an individual member, or a request from the executive, the PAC, or the general public. The number of referrals may well indicate the value ascribed to the committee by wider stakeholders.

Most PACs depend on the audit office for establishing the terms of reference for a PAC inquiry. In the two jurisdictions without an AG, the PAC sets its own terms of reference. Each PAC appears to be primarily reactive in its work. This response reflects recent research assessing the performance of select committees in the United Kingdom, which found that fewer than 1 in 10 select committee reports could be considered agenda setting (Russell and Benton 2011). These findings may provide some comfort to U.K. PACs; analysis conducted in Australia found that only 1 of the 14 self-initiated PAC reports produced by Western Australia and South Australia was critical of the government, raising questions about that PAC's independence (Jacobs and Jones 2009).

Undertaking an Inquiry

The average length of PAC inquiries for most jurisdictions is three to six months, and on average, PACs hold approximately three concurrent inquiries (figures 2.4 and 2.5). The average PAC in the British Isles released 14 reports per session or calendar year (figure 2.6). These numbers are the average workload and output of PACs, but individual PACs vary considerably, and the results may reflect capacity constraints facing smaller jurisdictions. Although the United Kingdom produced the most reports, the PAC produces far more reports than other U.K. select committees. For example, the PAC produces about the same number of reports each session as the Health and Home Affairs select committees produced over the period 1997–2010. This output shows both the workload of the committee and the activity of the NAO. One surprising finding is that the Northern Ireland PAC produces more reports than its Irish counterpart, but this may reflect the narrower focus of the Irish PAC rather than the size of its parliament.

Figure 2.4 Average Duration of PAC Inquiries

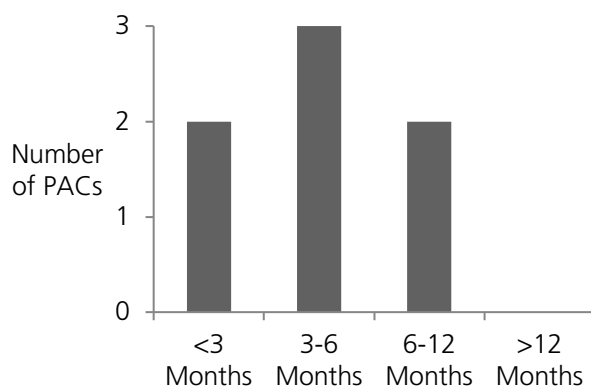
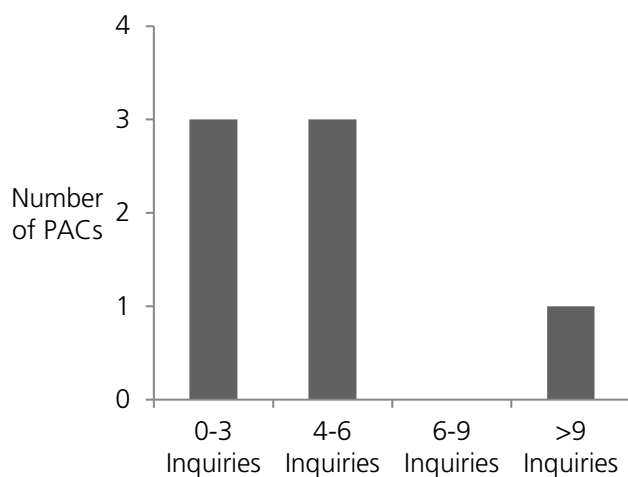


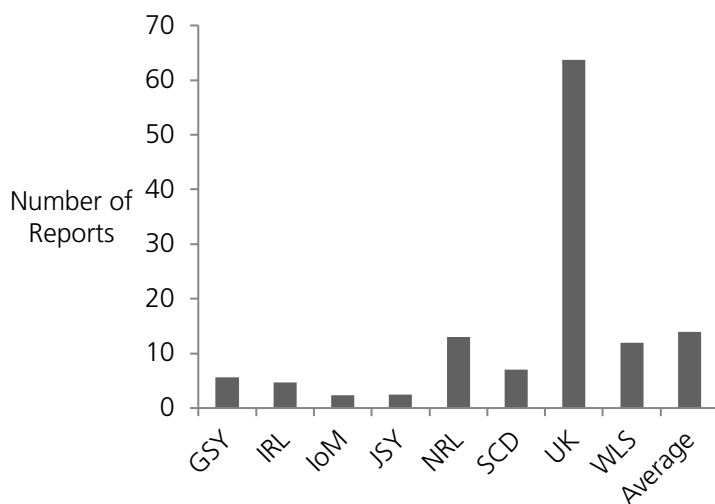
Figure 2.5 Average Number of Concurrent Inquiries



Providing Access to Committee Hearings

The majority of PACs allow public access to meetings, although access is restricted under some conditions. In most jurisdictions evidence is normally taken in public, but committee reports are considered in private. Normally, PACs can decide to take private evidence from a whistleblower or in cases involving sensitive information believed not to be in the public interest, for example, where cases involve commercial sensitivities or security issues. The U.K. PAC may also take evidence in private from a senior official who is about to retire, to encourage him or her to speak frankly.

Figure 2.6 Average Number of PAC Reports Released per Session or Year



Note: GSY = Guernsey; IoM = Isle of Man; IRL = Ireland; JSY = Jersey; NRL = Northern Ireland; SCD = Scotland; UK = United Kingdom; WLS = Wales.

The power to compel witnesses to answer questions has been seen as very important for PACs across the Commonwealth (Stapenhurst and others 2005). Every PAC reported possessing an unconditional right to summon witnesses and call for information or documents, but cited the difficulty of gaining access to those

sources. Wales reported that the AG was not normally summoned as a witness to committee hearings. In the United Kingdom, the AG or a representative is present at all evidence sessions and can be questioned. Ireland's PAC described the AG as a "permanent witness" (Gay and Winetrobe 2003).

Each PAC has the power to call departmental officials. Most PACs take oral evidence from the most senior official in a public body, normally the accounting officer. Appearing before the PAC is the only occasion on which such officials are held publicly accountable in their own right.⁵ Tensions are evident within the United Kingdom. Before his retirement, former cabinet secretary Lord O'Donnell wrote a letter to the chair of the PAC on behalf of all the permanent secretaries, expressing concern about the way the PAC was questioning civil servants. This response was partly because the committee took the unusual step of taking evidence from one official under oath, but it also relates to the application of the convention of individual ministerial responsibility.

Broadly, the concept of ministerial accountability means that ministers are responsible for their own private conduct, the general conduct of their department, and acts done (or left undone) by officials in the department (R. Brazier 1997). Recently the convention that ministers should be held personally responsible for every action or decision taken by a civil servant has presented problems.⁶ The current chair of the PAC has argued that the "old concept of accountability is no longer fit for the 21st century [because] civil servants escape external accountability because they are protected by the convention of ministerial responsibility, and they escape internal accountability because ministers are ... prevented from themselves appointing, promoting or sacking the senior civil servants for whom they are said to be accountable, on the grounds that this would politicize the civil service."⁷

One solution to the problem raised above would be to call ministers to present evidence instead of civil servants. Yet PACs are reluctant to call ministers because the PAC has no remit to look at policy and because the committee might appear partisan, which was identified by Commonwealth PAC chairs as a major obstacle to the effective functioning and success of PACs (Pelizzo and Stapenhurst 2008). The convention is well established within the region that auditor generals and PACs do not question the merits of the policy objectives of the department or body concerned (this is explicitly stated in the Standing Orders of Dáil Éireann).

PACs in the Isle of Man, Jersey, and Scotland reported having the power to call ministers, but they rarely use it. In Jersey, ministers are normally summoned only if the recommendations of the AG and the PAC are ignored. Only Wales reported using its power to summon ministers, but the PAC generally invites those officials responsible for implementing the policies to answer questions on the findings of the report. The U.K. PAC is also increasingly taking the approach of questioning the senior responsible officer within a department rather than the accounting officer (the traditional practice), in an effort to improve accountability.

⁵ The National School of Government in the United Kingdom has a course that gives accounting officers practice in responding to the types of questioning they are likely to face when they appear before the PAC.

⁶ As demonstrated by the Scott Report, Report of the Inquiry into the Export of the Defense Equipment and Dual-Use Goods to Iraq and Related Prosecutions (London: HMSO, 1996).

⁷ Speech on accountability in today's public services at policy exchange, 15 March 2012, <http://www.policyexchange.org.uk/modevents/item/accountability-in-today-s-public-services>.

Although evidence shows that NGOs, pressure groups, constituents, and other departments are taking a greater interest in the work of PACs, broader input is generally lacking in the British Isles. Only Guernsey does not have the power to call NGOs and government service providers as witnesses, but the other PACs rarely do so. Unlike some other committees, PACs seldom hold civic participation or stakeholder events, perhaps because of the PACs' ethos and modus operandi. PACs generally use press releases, media interviews, and the parliamentary website for outreach activities. In Jersey a scrutiny newsletter, "Scrutiny Matters," is distributed to every household twice a year, which contains a section about the work of the PAC. In a significant action, Northern Ireland's PAC has held meetings in schools and other institutions to reinforce the importance of particular issues and their role.

Reporting Inquiry Findings and Recommendations

Effective drafting procedures for reports and all-party agreement on the recommendations are two conditions that have been identified as success factors for PACs in the Commonwealth. Parliamentary staff members are responsible for drafting PAC reports in Scotland, Wales, and Ireland. However, the Irish PAC may engage consultants to draft a report, or a member of the committee can take on the responsibility as a rapporteur. In the United Kingdom, the NAO produces the first draft, which is then considered by the clerk to the committee before being forwarded to the chairman. Comments are returned to the NAO for redrafting as necessary. A similar procedure is used in Northern Ireland, through the Northern Ireland Audit Office, but composite reports are drafted by parliamentary staff.

PAC decisions in the British Isles are not required to be reached by consensus, but it is usually the working practice or convention. Indeed, voting and the issuance of minority reports are very rare. In Scotland, options for presenting minority views vary, including showing divisions in footnotes or annexes, or allowing a brief comment as to why dissent occurred. Any minority report must be produced by the members themselves and not by clerks on their behalf, which may act as a further incentive against minority reports.

PAC reports should improve the availability of information to parliament. Guernsey is the only PAC in the region that does not table all PAC reports in parliament. Most PAC reports are subject to parliamentary debate or at least have been referred to in other debates (figure 2.7). Scotland and Wales report no such procedure, and only Guernsey, Northern Ireland (twice a year), and the United Kingdom debate their reports with any frequency. Twice each session, members of the U.K. Parliament hold a three-hour debate on all PAC reports published since the last debate to which the government has replied. An examination of recent debates shows that, with very few exceptions, the participants are members of the PAC, which suggests that the debate has limited impact. A further concern is that delays in receiving official Treasury minutes prevent the House from debating the most up-to-date work from both the PAC and the NAO.

Figure 2.7 Are PAC Reports Subject to Parliamentary Debate?

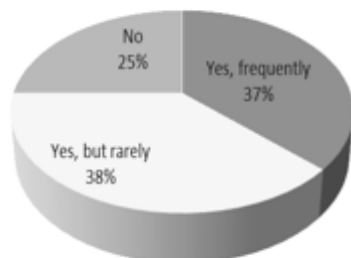
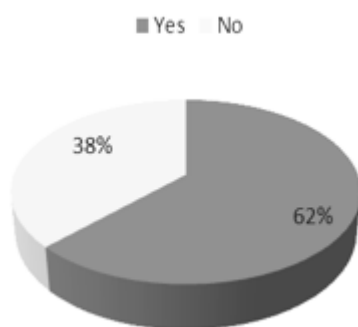


Figure 2.8 Share of PACs Requiring a Response to Reports in Parliament



Following Up on Inquiry Recommendations

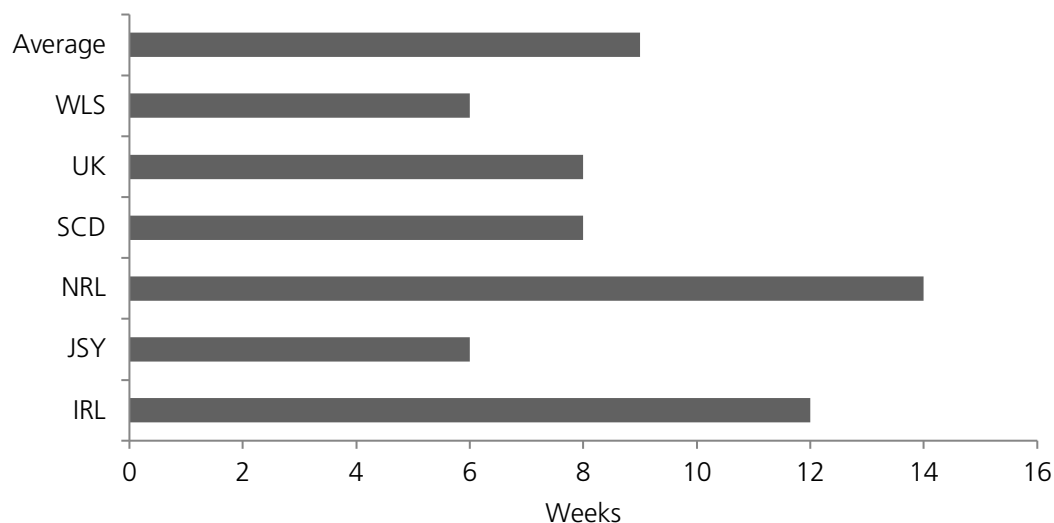
One possible PAC performance indicator is the time between the release of a committee report and the government's response: recommendations are more likely to be relevant and effective if reports are timely.

Only Guernsey reported no formal obligation on the part of the executive to respond to committee reports and recommendations; however, the relevant departments are asked for their response, which is either included in the PAC report or appended in full at the end of the report. Both the Isle of Man and Ireland require a response, through the finance minister, within three months. The time frame in Wales is normally six weeks, and the response is through the relevant portfolio minister. The Scottish Public Finance Manual sets a time frame of two months (which is strictly enforced), and responses are made through the accountable officer of the relevant department. The relevant government department in the United Kingdom has to respond to the PAC's recommendations within eight weeks of publication of the committee's report (by convention, no responses are published during the summer recess).

In Jersey, the relevant portfolio minister will normally provide a detailed response to the findings and recommendations within six weeks of publication of the report (see figure 2.9). If the executive is able to provide only an interim report within this time frame, a full response is expected within three months. In Northern Ireland the Department of Finance and Personnel (DFP) responds to all PAC reports in the form of a memorandum of reply that addresses each conclusion and recommendation of the PAC. The survey showed no response relating to the time frame, but a study of recent PAC reports and responses from the DFP

suggests three to four months. Five PACs reported the existence of a requirement that the government's response be tabled in parliament, although tabling is not required in Guernsey, Ireland, or Scotland.

Figure 2.9 Time Frame for Executive Responses to the PAC, Formal or in Practice



Note: IRL = Ireland; JSY = Jersey; NRL = Northern Ireland; SCD = Scotland; UK = United Kingdom; WLS = Wales.

In survey responses, PAC chairs state that the government responds favorably to committee recommendations in almost 70 percent of cases across the Commonwealth, and in 56 percent of cases, the government implements those recommendations (Stapenhurst and others 2005). PACs in the British Isles report even greater success: all recommendations from the Wales PAC were accepted by the Welsh assembly government from September 2007 to December 2008 (National Assembly for Wales Audit Committee 2009). More than 90 percent of recommendations from the U.K. PAC are accepted by the government, which is a substantially higher number than the 40 percent of committee recommendations accepted by the government, according to a University College London (UCL) survey of select committees in the United Kingdom (Russell and others 2011). This difference may reflect the difficulty with which a government rejects PAC recommendations, because audit reports are often agreed with departments.

A crucial aspect of PAC recommendations, however, is that of implementation, which must be measured to demonstrate actions and outcomes of the audit process. The UCL survey found that roughly the same proportion of recommendations as are accepted (40 percent) go on to be implemented in practice, but the implementation rate for PACs across the British Isles is generally much higher. This proportion may well be a reflection of the important relationship between the audit office and the PAC: UCL's qualitative analysis suggests basing reports on clear evidence, and a success factor for select committees is the generation of new research.

PACs use both formal and informal processes to monitor and follow up on the implementation of government responses to PAC recommendations. The audit office in Wales monitors government responses. In Scotland, a progress report on all accepted recommendations over the session is provided by the Scottish Public Finance Manual. The Scottish PAC can seek progress reports twice a session or request more frequent updates. The PAC also scrutinizes performance, both at a given point and over many years, by considering a baseline report from the auditor general for Scotland (AGS) that assesses current performance. Continuous improvement is then monitored by the AGS and PAC through a detailed performance report published after a suitable period of time.⁸ Increasingly PACs are exploring recurring themes that arise from previous inquiries, presenting thematic reports along with reports on the cost implications and implementation of legislation (such as the 2007 U.K. report on the central government's use of consultants). The advantages of such reports are that they can draw on lessons learned from previous reports and provide opportunities for wider lessons to be learned across government.

Although the United Kingdom has no formal mechanisms for measuring government responses, the NAO produces comments for the committee on all such responses. In addition, a number of issues, such as defense procurement and tax credits, are considered annually. This information enables the PAC to measure the incidence of repeat findings, a further indication of the PAC's effectiveness. However, as the 2011 UCL survey argues, select committee influence may be demonstrated in subtler and less measurable ways. Of the seven forms of non-quantifiable committee influence identified by the survey, all appear relevant to PACs across the region: contributing to debate, drawing together evidence, spotlighting issues, brokering between actors in government, improving the quality of government decision making through accountability, exposing failures, and "generating fear" (Russell and others 2011). A different view is that the PAC has a legitimizing function that ensures political and cross-party support of the work of the technical experts. Yet this approach may be complacent and even dangerous. An analysis of the demise of two PACs in Australia in 1930 concluded that both committees drifted considerably from their intended role of financial oversight while performing a legitimizing function (Jacobs and Jones 2009).

Evaluation of PAC Performance

The performance measures in Guernsey are the number of reports issued in a year and the amount of money saved as a result of its value-for-money reviews. A similar approach is adopted in other jurisdictions. NAO reports in the United Kingdom cost more than £100,000 each to produce, but the estimated return it gives to government is approaching 10 times its total expenditure.⁹ The Northern Ireland Audit Office estimates that in 2007–08 the office achieved cost reductions in the public sector of over £53 million as a result of its work, more than five times the total cost of running the audit office (NIAO 2010). The AG for Wales estimates that undertaking examinations that help public sector bodies secure savings through efficiency has contributed to financial savings of around £117 million, and the AG is tracking a possible further £36 million in savings (Council of Ministers 2010). These savings are impressive at a time of financial pressures. The Isle of Man

⁸ Speech by the Auditor General for Scotland, Chartered Institute for Public Finance and Accountancy (CIPFA) Scottish Conference, 4–5 April 2002. http://www.audit-scotland.gov.uk/docs/corp/2002/ags_parliament_keynote.pdf

⁹ House of Commons Debates, 19 April 2007.

estimates the cost of establishing an audit office at about £1 million, and the above figures have proved useful in establishing the financial case for having an AG on the Isle of Man.

Another approach to measuring performance would be to assess the extent and importance of public awareness. This measure would be linked to media coverage and, as pointed out by a similar study of PACs in Australia and New Zealand, “an inquiry of less interest within the public domain may be of equal or more importance in terms of public administration and accountability” (KPMG 2006).

No PAC reported adopting a formal mechanism for measuring its performance, although Northern Ireland periodically conducts informal reviews. Scotland has general committee office performance measures in place and reports attendance and the amount of time spent on inquiries. Where performance is measured, the result is normally included in an annual review or is reported directly to the corporate body or internal management. Guernsey reported obtaining external assistance in reviewing its practices and procedures, and the majority of its value-for-money reviews and investigations are carried out externally. The NAO assessed the U.K. PAC’s work in 1999 and identified three main aspects of the PAC’s impact: the government’s implementation of PAC recommendations, the views of senior public servants who were most affected by the PAC; and the quality of press coverage of PAC hearings and reports (Stapenhurst and others 2005).

Independent review, the survey found, is not common. This result may reflect a wider issue facing parliamentary committees: the Hansard Society has detected within the United Kingdom a “degree of reluctance on the part of committee chairs to subject the way they discharge their own responsibilities to critical analysis and scrutiny and to prioritize review and reform of the system” (A. Brazier and Fox 2011).

Conclusion

Westminster-type parliaments are often said to be at their strongest when they are conducting ex post scrutiny. This view is a reflection of the important work of PACs, and it may also explain why the PAC model is increasingly being exported to many non-Commonwealth parliaments. Given the U.K. PAC’s and the NAO’s reputations, it is not surprising that one of the consequences of the devolution of power within the United Kingdom has been the development of public audit regimes within the devolved territories. Such changes, together with the creation of PACs in Jersey and Guernsey and the ongoing work of the PACs in the Isle of Man and Ireland, give credence to the claim of an “audit explosion” (Power 1994) across the British Isles. In Scotland, for example, audit activity before devolution took place through the U.K. PAC, and the PAC devoted just two afternoons a year to Scottish business.¹⁰ Today, the Public Audit Committee, a mandatory committee of the Scottish Parliament, meets fortnightly. The increased focus on achieving good value for public money is a welcome, if perhaps unintended and unpublicized, consequence of devolution.

The audit regimes across the British Isles are asymmetrical in terms of powers and performance. As a baseline, the PACs have a broad (but varying) scope to investigate public expenditure: each PAC has the power to choose subjects for examination without government direction, to make recommendations, and to publish

¹⁰ Speech by the AGS, CIPFA Scottish Conference, 4–5 April 2002. See footnote 7.

conclusions. But the unrestricted right of access to local government varies across jurisdictions, and only the Isle of Man and Jersey PACs have the power to consider budget estimates. Ireland's PAC reports a much narrower remit than elsewhere across the British Isles. Although the results from this study demonstrate the importance of a close relationship between the audit office and the PAC, the operational relationship also varies across jurisdictions. The Isle of Man and Guernsey have operated without an AG but are considering the creation of such a post. Certainly the teething troubles of Guernsey's PAC suggest that PACs may have difficulty acting in isolation from an independent audit office.

Because members are normally appointed for the term of the parliament, this longevity of membership, together with the maintenance of a nonpartisan culture, strengthens the PAC even in party-dominated parliaments. The PACs have been successful in adopting an impartial and objective attitude in dealing with the cases before them. The combination of an opposition chair with committee members that reflect the party balance in the House works well, with very few instances of divisions and minority reports (where provision exists). Chairs are generally not susceptible to party pressures, and all these factors give PAC reports additional weight. The use of nonmembers in Guernsey and Jersey is an intriguing development and one that deserves further scrutiny because it may offer a model for other small jurisdictions to consider.

The U.K. PAC remains the most high-profile audit committee across the British Isles, although it now has to share the limelight with many other audit committees. It remains a very powerful and respected committee, particularly now that its chair is directly elected by parliament. In recent years the PAC has adopted an approach that is both maximalist and incrementalist to enhance its power and influence. It is incremental in the sense that the PAC has used its existing powers to the full and has sought opportunities for widening public audit practices and access rights on a step-by-step basis, as evidenced by its new role of overseeing Civil List expenditure and the BBC's accounts, as mentioned earlier.

A sign of an increased maximalist strategy is the difficulty of obtaining accountability in the Westminster system in the face of the complexity and growth of modern government. The U.K. PAC's recent success in setting the agenda and changing the terms of political debate on high-profile national issues, such as tax avoidance of multinational companies, is another example of this strategy. The leadership shown by the PAC chair has been important, but the political and economic contexts have also been helpful: the financial crisis and its aftermath have demonstrated the importance of the impartial audit of public expenditure. The need to ensure value for money while protecting frontline services is now part of domestic political debate, and the PAC has exploited this opportunity to the full.

One challenge facing PACs across the region is devising mechanisms to ensure that their recommendations are accepted and implemented by government in a timely manner. Requiring the executive to respond to PAC reports is a necessary condition to ensure that recommendations are implemented, but it is not sufficient. Given the importance of the PAC and of accountability in general, the sensible approach would be to have, at the very least, an annual debate on the work of the PAC on the floor of the House. This debate would raise the profile of audit reports and increase the pressure on government to actually implement

recommendations. Other committees should be encouraged to assist the PAC by establishing their own follow-up mechanisms for audit inquiries.

A number of potential performance measures for PACs have been mentioned in other regions (KPMG 2006). These include reviewing the actual work completed compared with the plan, the timeliness of reporting, the percentage of recommendations accepted and implemented, the number of parliamentary referrals, the number of repeat findings, parliamentary and public awareness of PAC reports, the number of submissions received on PAC inquiries, and parliamentary and public satisfaction with PAC effectiveness. Far greater focus should be put on overall PAC strategy and self-evaluation across the British Isles. Such work should also build on recent studies that assess non-quantifiable select committee influence to consider the PAC's long-term deterrent effect in changing behavior across government and in promoting better management of public money.

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Chapter 3

Financial Oversight, Public Accounts Committees, and the European Union

Kerry Jacobs

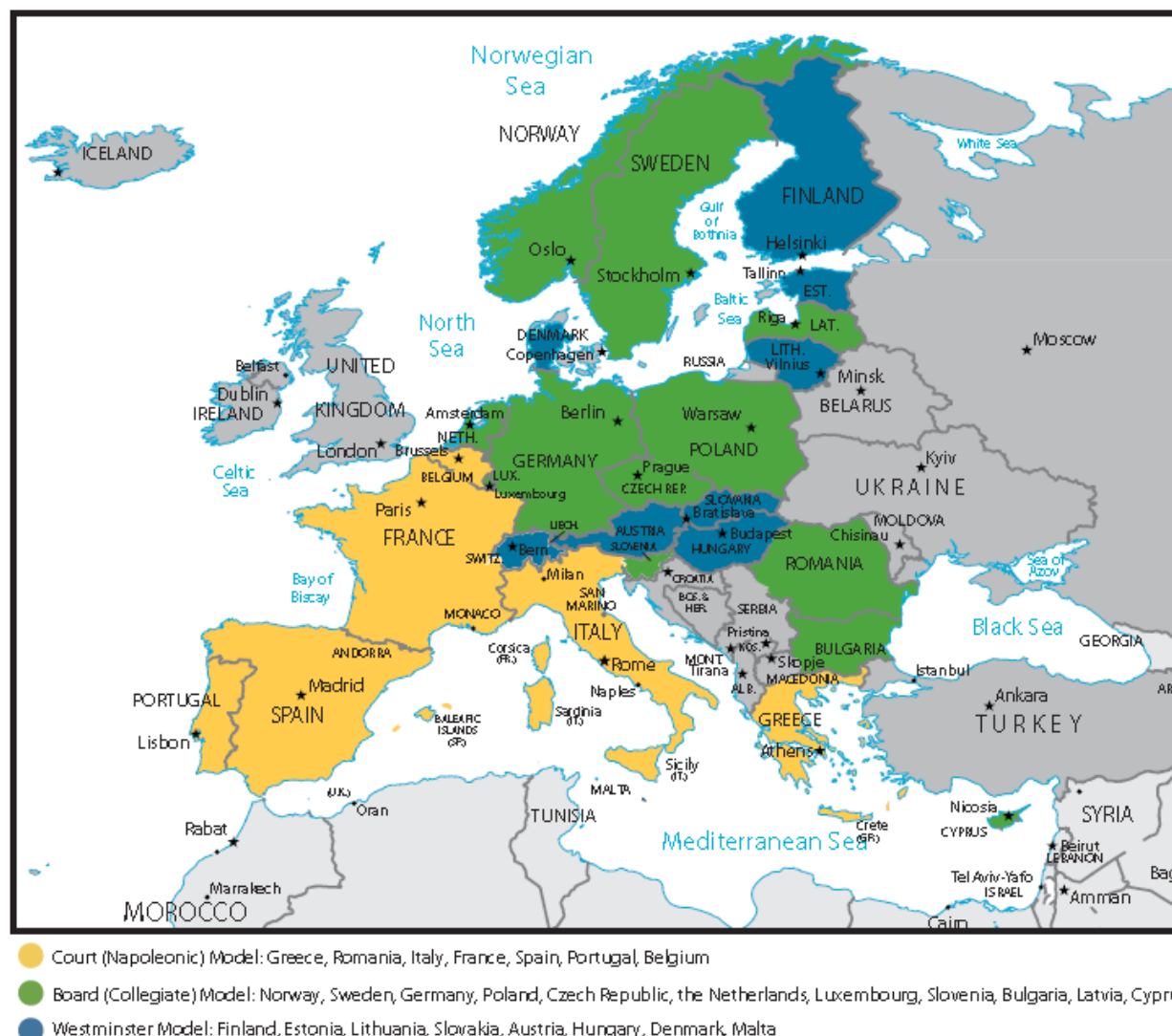
Introduction

An analysis of the nature and role of public accounts committees (PACs) across the countries of Europe exceeds the capacity of one chapter (and perhaps one book) as there is simply too much diversity and complexity to do the issue serious justice. But the fact that it is possible to write this chapter at all is due in no small part to the excellent work of a group of students from Maastricht Graduate School of Governance in the Netherlands (Buzaljko and others 2010) and the extended essays produced by that team on Sweden (Kanis 2010a), Switzerland (Kanis 2010b), France (Verkaart 2010), Greece (Tamasan 2010), and the Czech Republic and Slovenia (Buzaljko 2010). This chapter builds on their work.

The first and central point to this chapter is the scale of the diversity of parliamentary financial oversight across the European Union (EU). In the EU, public financial oversight has different mechanisms, traditions, and approaches. One major reason for this diversity is the variety in the form and role of the Supreme Audit Institution (SAI). Unlike the U.K. auditor general who derives authority from his or her standing as an officer of parliament, many of the European SAIs are built on the legal system and are constituted as courts with the supreme auditors being styled as judges. The relatively close relationship between the U.K. auditor general and various parliamentary committees makes sense, given the parliamentary officer role of the auditor general; such a system is sometimes called the Westminster model, the first of three models described here. In a second model, however, the relationship between the constitutionally separate, judicially based court of audit (called the judicial, the court, or the Napoleonic model) and a parliamentary committee is more complex and sensitive. A third, the board model or collegiate model, reflects elements of the Westminster model, but the audit responsibility is shared by a multimember audit board rather than a single auditor general. The exact relationship between the board and the parliament is context specific.

In general, the court SAI model is most commonly found in the European countries that share the common Napoleonic legal tradition (map 3.1). This includes Belgium, France, Italy, Portugal, and Spain. However, Greece also has a Napoleonic or judicial SAI. Many other European countries have SAI boards, specifically Bulgaria, Cyprus, Czech Republic, Germany, Latvia, Netherlands, Norway, Poland, Romania, Slovenia, and Sweden. But a minority of countries have an auditor general, including Austria, Denmark, Estonia, Finland, Hungary, Lithuania, Malta, Slovakia, and Switzerland. Whereas the existence of an auditor general in some of those countries can be explained by their relatively recent transition from the Soviet bloc, the use of this kind of SAI by both Austria and Switzerland is less obvious.

Map 3.1 European Supreme Audit Bodies



Source: Buzaljko and others 2010.

Perhaps the most important historical distinction between these different approaches to oversight is the nature and focus of the audit work. Historically the court-based SAIs have limited their work to financial audit and legal compliance, whereas the Westminster-style auditor generals have developed a strong secondary focus on performance or value for money auditing. The approach adopted by auditors under collegial SAI boards has been somewhat mixed. However, recent study groups and one-on-one discussions suggest that these historical distinctions are breaking down and that many of the supreme audit institutions, regardless of their historical approach, are looking at extending existing financial and compliance audit practices to include a form of performance auditing (Buzaljko and others 2010, 17).

From a parliamentary perspective, Buzaljko and others (2010) draw an important distinction between two different types of parliamentary “public finance” committee. The first they call Parliamentary Committees on

Audit, which we term PACs to be consistent with the other authors in this book. These committees primarily focus on the ex post aspects of scrutiny, particularly the receipt and response to the work of the auditor general or board of audit. But the second type of committee they call Budget Committees (BCs), which are more generally concerned with the draft of budgets and the scrutiny of public funds. Although these committees can have an ex post role, they are normally more focused on ex ante review of plans and proposals. Many of the court-SAI countries have only BCs (Belgium, France, Italy, Portugal) as do some of the collegial or board jurisdictions (Bulgaria, Germany, Romania).

What is perhaps surprising is that a few Westminster-model jurisdictions have only a budget committee (Hungary and Slovakia), as we would expect some form of parliamentary oversight of the work of the auditor general in those settings. The other jurisdictions have either parliamentary committees in audit or have budget and audit committees (sometimes the committees are separate and in others they are joint—some are also joint across upper and lower parliamentary houses—for a detailed discussion, see Buzaljko and others 2010, 9–10).

The Structure of the Committees

The size of PAC membership ranges from the smallest (Denmark and Estonia) with just six members to the largest (Spain) with 43 members. (See table 3.1.) The average size was just under 15 members. At a practical level, six or seven seems to be the minimum despite the parliament's size. Whereas Spain has both a large parliament and a large PAC, membership between 11 and 14 seems to be practical for most jurisdictions. However, the BCs are significantly larger, ranging from the smallest at 11 (Romania, upper chamber) to the largest at 73 (France, lower chamber). At an average size of 32, the BCs are notably larger than the PACs. (See table 3.2.)

Table 3.1 PAC Details by Jurisdiction

Country	MPs in legislature	Size of PAC	Opposition chairperson	Balance of membership	PAC staff members
Austria	183	26	Yes	Proportional	Shared
Cyprus	59	10	Yes	Proportional	1
Czech Republic	200	15	Yes	Proportional	3
Denmark	179	6	Yes	Proportional	3
Estonia	101	6	Yes	1 from each party	Yes
Finland	200	11	Yes	Proportional	8
Greece	300	13	No	Proportional	0, Yes, Shared
Latvia	100	19	–	Proportional	–
Lithuania	141	7	Yes	Proportional	6
Luxembourg	60	12	Yes	Proportional	1 + 1 shared
Malta	69	7	Yes	Proportional	1 shared
Netherlands	150	25	No	Proportional	3 + 12 shared
Norway	169	11	Yes	Proportional	2 + 1 shared

Country	MPs in legislature	Size of PAC	Opposition chairperson	Balance of membership	PAC staff members
Slovenia	90	11	Yes	Majority opposition	3
Spain	614	43	No	Proportional	Yes, Yes
Switzerland	–	–	No	Proportional	4 + 50 shared

Note: – = not available

Source: Adapted from Buzaljko and others, 2010.

Table 3.2 Budgetary Committee Details by Jurisdiction

Country	MPs in legislature	Size of PAC	Opposition chairperson	Balance of membership	PAC staff members
Belgium	150	17	Yes	Proportional	2 + 1 shared
Bulgaria	240	26	No	Proportional	–
France (lower chamber)	577	73	Yes	Proportional	25
France (upper chamber)	343	48	–	–	–
Germany	622	41	Yes	Proportional	3
Hungary	386	27	Yes	Proportional	4
Italy (lower chamber)	630	46	No	Proportional	–
Italy (upper chamber)	315	25	–	–	5
Portugal	230	21	Yes	Proportional	2 + 4 shared
Romania (lower chamber)	332	35	No	Proportional	Yes
Romania (upper chamber)	137	11	–	–	–
Slovakia	150	13	No	Proportional	2

Note: – = not available; PAC = Public Accounts Committee.

Source: Adapted from Buzaljko and others 2010.

The calculation of an average of 2.25 dedicated staff members per PAC somewhat obscures the true nature of the situation. The first problem is that the response of many of the jurisdictions was vague in staff numbers. Second, the figure of 2.25 also obscures the fact that some jurisdictions are relatively well resourced, while some are poorly resourced. The most well-resourced countries are Finland with eight members per PAC, Lithuania with six, and Switzerland with four. When those three countries are removed from the calculation, the average dedicated staffing is close to one staff member per PAC.

The majority of PACs are chaired by opposition members of parliament, and a huge diversity in staffing resources exists in the different PACs. Many have to rely on little or no support staff. The calculation of the BCs' staffing is also obscured by the French lower chamber, which reported 25 dedicated staff members. Although many of the BCs provided no detail on staffing levels, those that did report ranged between two and five staff members. From a practical perspective, the staffing level for these important committees is surprisingly variable, and jurisdictions without dedicated staff support should seriously consider addressing this deficit.

There are similarities and differences in leadership and composition. In composition, PAC membership and the budgetary committee membership are almost universally in proportion to party membership in parliament. Thus, under a majority system, the government would almost always have a majority of the control of these committees. However, leadership is more variable. Among the PACs is a clear majority with more than two-thirds of the committees being chaired by the opposition. However, the BCs are a more even split, with just a slight majority being led by the opposition. One cannot help but wonder whether the reportedly high number of PACs with government chairs are actually a product of confusing (or blending) the budgetary role of the BCs and the oversight roles of the PAC. Whereas the inherently political nature of the budget process could be used to justify a government chair, it is hard to see that governmental control over the auditor's work could be positive for the accountability and, ultimately, the legitimacy of any regime.

At an operational level, real differences exist between the PAC and the BCs. One example is the use of subcommittees. Relatively few of the PACs establish subcommittees (only 19 percent), whereas a large number of the BCs do (90 percent). Some of these committees are only for a specific purpose, whereas others are permanent. For the BCs, the use of subcommittees represents a division between the ex post and ex ante responsibilities, in which the task of reviewing audit reports or hearing candidates for the SAI presidency may be delegated to a committee. An interesting example of the use of subcommittees by a PAC-type jurisdiction is found in Switzerland, which is difficult to categorize because none of the committees directly established by the country's legislative bodies have any contact with the state auditor (SFAO—Swiss Federal Audit Office). Rather, members from the Finance and Control committees of the National Council and the Council of States are selected to act on the Joint Committee of Finance, which does engage directly with the auditor (Kanis 2010b). So the oversight role is, in effect, exercised by a permanent subcommittee that reports to the finance committees rather than directly to parliament.

The Work of the PAC Committee

This section focuses more on the PAC than on the BCs. Despite the institutional and structural differences between PACs and BCs, their roles in governance and accountability are remarkably similar. Whereas a few PACs have the power to scrutinize local government, most do not. Likewise, only a few have access to political parties' financial information. Most PACs focus on government agencies, service providers, parliamentary expenditures, statutory authorities, and state-owned corporations (Buzaljko and others 2010, 14). One important and emergent role of PACs noted by Buzaljko and others (2010, 15) was the review of allocation and implementation of EU funds. But the work of the committees is not purely responsive, and more than two-thirds of the PAC committees studied have the power to self-initiate inquiries.

Central to the process of oversight and accountability is the relationship between the parliament (often mediated by these committees) and the SAI (supreme auditor). It is this balance between commenting on or following up on the auditor's work and the potential for interference—which could potentially undermine auditor independence—that poses such a challenge. Nearly two-thirds of the jurisdictions studied had no specific role in the selection or removal of a SAI president (auditor general) or in approving the annual plan. Just under one-third recommends the selection, removal of a SAI president, and the SAI work plan, and this group

was split evenly between the collegiate and Westminster systems. The notable case was Greece, which has a court-based SAI, although its parliament retains the power to approve the selection and removal of the SAI president (whereas Estonia, with a Westminster SAI, requires that parliament approves the SAI annual plan).

As stated previously, relatively few jurisdictions determine SAI priorities (Italy and Slovakia) although 43 percent do assess SAI performance. A similar percentage (43 percent) either approve or recommend the annual budget and resources for SAI, so issues of auditor independence are clearly a challenge in practice. Seventy-eight percent of the PACs have the power to request an audit by the SAI (in all other cases the parliamentary chamber has that power). In the majority (65 percent), the SAI has to comply with the audit request. Again, the parliament's power to direct the work of the auditor also has potential to undermine the independence (although possibly enhance the relevance) of the auditor's work program.

The estimate of the number of committee meetings per year was made from general statements by the jurisdictions studied. Most PACs did not have a formal policy about the number of meetings, although the regularity of meetings in Lithuania was detailed in the statute of parliament, and in Romania it was regulated by standing orders. Most notable among the PACs was Finland, which meets two or three times a week, and Estonia and Luxembourg, where the committees meet twice a week. This frequency was in notable contrast to Greece, whose PAC meets only once every four months. (See table 3.3.)

Table 3.3 The Work of European Public Accounts Committees

Country	Percentage focus on financial audits	Percentage focus on performance audits	Percentage focus on other reports	Number committee meetings per year
Austria	5	95	0	–
Cyprus	–	–	–	48
Czech Republic	–	–	–	11
Denmark	5	95	0	14
Estonia	35	55	10	96
Finland	10	60	30	120
Greece	100	0	0	4
Latvia	–	–	–	–
Lithuania	60	30	1	48
Luxembourg	50	50	0	96
Malta	75	15	10	–
Netherlands	55	25	20	36
Norway	7	80	13	48
Slovenia	–	–	–	17
Spain	–	–	–	28
Switzerland	70	10	20	11

Note: – = not available.

Source: Adapted from Buzaljko and others, 2010.

Distinct differences in relative focus were also found on the SAI's financial and performance audits. Austria, Denmark, and Norway are notable for a heavy focus on performance audits. Estonia, Finland, and Luxembourg balance performance audits relatively evenly with financial audits and other work. Greece, Lithuania, Malta, Netherlands, and Switzerland all focus strongly on financial audits, with much less attention to performance audits or other work. This diversity is somewhat surprising and falls across different institutional SAI arrangements. One explanation could be relative underdevelopment of performance audits in some of these jurisdictions. But that hardly seems plausible in the case of countries such as Netherlands. The relatively weak emphasis placed on the performance audit by some PACs is surprising, as a committee of politicians rather than professional accountants and auditors would be expected to add value in the performance audit space.

Most of the PACs that are focused on the SAI's work base their agenda on responding to the SAI reports received (the BCs that are not so focused on the SAI reports tend to set their agenda more independently and focus on ex ante budget concerns). In practice, the volume of SAI reports is too high to manage effectively, and most PACs prioritize what they consider to be the most important reports within the scope of their mandate. In general, the chair controls agenda setting, but the secretariat and research staff can also play an important role.

The participation of SAI staff at PAC meetings varies across jurisdiction. Normally (other than in Greece) the SAI staff will appear before a PAC at least once a year. However, in some jurisdictions (such as Estonia, France, Lithuania, and Malta), the auditor general or SAI president commonly attends PAC meetings. In other jurisdictions, SAI members normally will not attend PAC meetings.

One tool that PACs can use to gather evidence is hearings. Only some PACs conduct hearings, and there is some variety among the PACs in who might be summoned as witnesses before a hearing. In general, the key question is whether ministers will be summoned before a committee hearing. Some jurisdictions, such as Germany and Malta, indicate that they would never summon ministers, whereas Netherlands is notable because it often summons ministers to hearings. In fact, when a committee in Netherlands requests to hear a civil servant, the minister might decide to appear instead (assisted by the civil servant). Most other jurisdictions can summon (and hear representations from) ministers, administrative heads of departments, civil servants, the SAI, and even members of the public.

Distinct differences in accountability to and for PAC activities also exist. In about two-thirds of the PAC jurisdictions, the government is always required to respond to PAC recommendations, usually within one month. But the PACs' evaluation of and feedback on their own performance is poor. Only one-quarter of the European PACs produced an annual (or, in one case, biannual) report, whereas one-quarter of the PACs provided no answer on their reporting practices (one might suspect that this group actually produced no report). About half of the PACs stated that they produced no annual report. Thus it would not be unreasonable to speculate that three-quarters of the PACs produced no report. If this is the case, clearly there is some capacity for improvement in this area.

Conclusion

A study of public financial oversight across Europe is notable in its diversity. We make two distinctions in our analysis. The first distinction reflects on the nature of the SAI, as these jurisdictions can have a Westminster-type auditor general, a Napoleonic or judicial-type court of audit, or a board of audit or collegiate model. Each type of SAI has implications for the nature and operation of parliamentary committees of financial oversight. The second distinction is between PACs, which are primarily focused on ex post analysis of the audit reports produced by the SAI, and BCs, which are more focused on the draft of budgets and the control of public funds.

More commonly, jurisdictions with PACs actively follow up on and are responsive to the work of the SAIs. But many jurisdictions have only BCs with little practical focus on the ex ante work of audit follow-up or performance evaluation. This model is something of a concern, and clear and competent parliamentary oversight should be established where it currently is lacking. The weakness of ex ante review capacity remains persistent across European parliaments (other than in the Westminster-type jurisdictions) despite recent economic and financial crises (Griglio 2012).

From a practical perspective, between 11 and 14 members for each PAC seems to be best in anything but the smallest jurisdictions. However, they need to be supported by at least one dedicated full-time staff member and preferably two. The majority of the PACs are chaired by an opposition member, and this balance seems to be consistent with the independence necessary for effective ex post review. The chairs of the BCs are split slightly in favor of the opposition. The membership of the committees (both PAC and budget) are almost always allocated in proportion to the political membership of the elected house. This membership ratio poses a serious risk of government capture and little effective oversight if the committee has a government majority and a government chair. The nature of this risk strongly depends on the nature and balance of power arising from the electoral system.

Most of the PACs focus on scrutinizing expenditure by government agencies, parliament, statutory authorities, and state-owned enterprises. Only about one-third of the committees have any role in the selection or removal of a SAI president, although just under one-half do review SAI performance and have a role in SAI budget setting.

At an operational level, a surprising difference between PACs exists, both in the regularity of meetings and in the focus of the work. Whereas some PACs appear to meet weekly, others seem to meet only a few times a year. Effective financial oversight is difficult to achieve in just a few meetings. The focus of each system also makes for real differences; contrary to expectations, differences are found in the respective emphasis on performance audits. Some jurisdictions focus primarily on the performance audits of the SAI, others on financial audits, with a third group attempting to balance the two different forms of SAI output. Further investigation into why these different emphases exist would be valuable.

Significant differences are found in the degree of involvement of the SAI in the work of different PACs. In some jurisdictions, the SAI staff members are strongly involved in the PAC, whereas in others they are rarely involved. Differences are also found in the willingness of PACs to directly call government ministers before a

committee hearing. In some jurisdictions, calling government ministers before a hearing is normal business, whereas in others it would never happen.

Clearly, the accountability expectations underpinning the practices of public financial oversight are different in different jurisdictions. Perhaps the key contribution of this chapter is to challenge readers to question and reexamine the arrangements taken for granted in their own jurisdiction and to wonder if change in some of these practices might better support the mission of good governance and wise use of public resources.

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Chapter 4

The Parliamentary Public Accounts Committees in the Nordic Countries and Regions—Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway, Sweden, and Aaland Islands

Gitte Korff

Introduction

This chapter reviews the structures, responsibilities, and working practices of the Public Accounts Committees (PACs) of the eight Nordic countries and regions Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway, Sweden and Aaland Islands. Although some of the Nordic PACs are among the oldest PACs in the world, this is the first comparative description undertaken. The Nordic PAC members decided to collect data in the first meeting of the Nordic Network for Parliamentary PACs, held in March 2012 in Copenhagen. Data were collected and validated by the PAC secretariats of each country.¹ The attributes of the Nordic PACs in the Annex are compared to the “Best Practice Guide” as suggested by Stapenhurst et al.²

With populations ranging from 28,000 inhabitants in the Aaland Islands to 9.6 million in Sweden, the Nordic region can roughly be divided into the *larger countries* (Denmark, Finland, Norway, and Sweden) and the *smaller countries and economies* (the Aaland Islands, the Faroe Islands, Greenland, and Iceland). To understand the practices of the PACs and financial oversight systems of the Nordic countries and economies, one should note the ways that they differ—apart from population size—such as varying organization of government and public administration and contrasting history and age of the parliamentary systems. Despite these differences, however, the Nordic countries have much in common, including history, culture, language (to some extent), low level of corruption,³ and governments and public administration built on the idea of a welfare society.

Figure 4.1 shows the age of each of the Nordic parliamentary systems. The first documented PAC in the Nordic region—and, indeed, the world—was established in Norway approximately 200 years ago.⁴ Denmark’s PAC is the second oldest, created in 1849. It is noteworthy that both these PACs predate the better-known PAC, that of the United Kingdom (see chapter 2). Iceland was under the sovereignty of Denmark until 1918, when it became a sovereign state in monarchical union with Denmark; its PAC was created in 1915. The Faroe Islands and Greenland are under the sovereignty of Denmark and have been self-governing since 1948 and 1979, respectively, and the Aaland Islands are under the sovereignty of Finland and have been self-governing since 1921. Their PACs were established more recently.

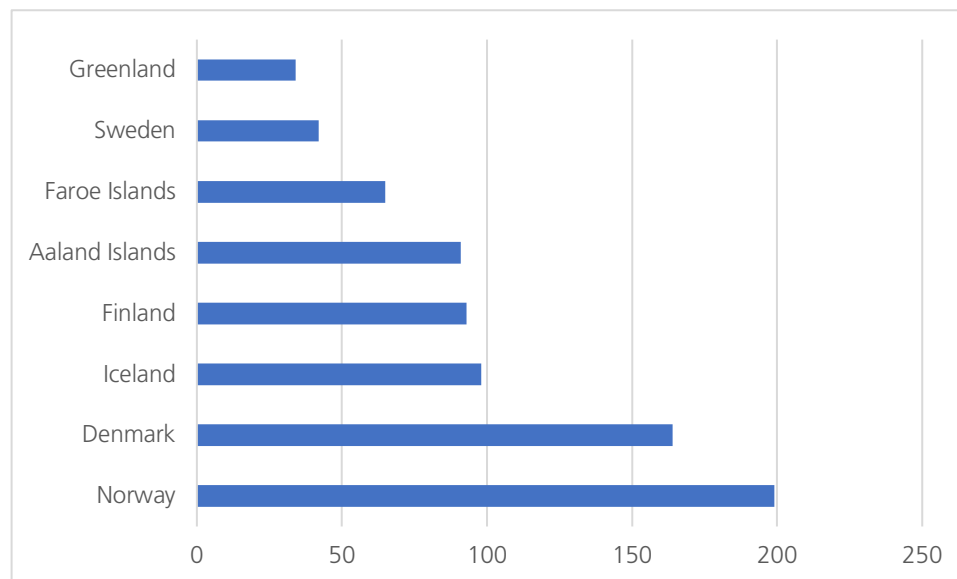
¹ Although the data have been validated by Nordic colleagues, the analysis and evaluations are those of the author.

² Stapenhurst et al (2014): Following the money. Comparing Parliamentary Public Accounts Committees. Commonwealth Parliamentary Association and World Bank Institute.

³ According to the Transparency International Corruption Perceptions Index 2012 (<http://www.transparency.org/cpi2012/results>), the four larger Nordic countries are among the ten least corrupt countries in the world.

⁴ Sweden has had state auditors, Riksdagens Revisorer, (Auditors of Parliament) since 1814, but its first PAC was established in 1971.

Figure 4.1 Age of Nordic PACs, 2013



The Functions and Responsibilities of the Nordic PACs

The overall purpose of the Nordic PACs, namely parliamentary oversight of government and accountability for the use of public funds, has remained unaltered since they were first established. Nevertheless, the PACs have undergone a number of changes in their working practices, their relationship to the auditor general (AG), and their access to public accounts, such as when privatization reforms have been implemented within the public administration.

Although most Nordic parliaments have a standing committee responsible for auditing the public accounts and holding the executive accountable, the Danish PAC is an independent institution under parliament with its own budget and staff, but with the same responsibilities as other Nordic PACs. Across the Nordic countries and regions, the committees have similar functions and responsibilities, but they have different titles, and some committees have other responsibilities beyond parliamentary financial oversight. For example, in Norway the PAC also has responsibility for dealing with matters concerning the constitution, whereas in Sweden and the Aaland Islands, the usual PAC responsibilities (that is, audit matters) are handled by the finance committees, which are also responsible for the state budget and appropriation requests. In Iceland, both the Finance Committee and the Constitutional and Supervisory Committee address audit matters. In Denmark, the Faroe Islands, Finland, and Greenland, the PACs deal solely with audit matters. Table 4.1 identifies the various Nordic PACs and summarizes their responsibilities.

Table 4.1 Nordic PACs

Country	Title	Responsibilities
Denmark	Statsrevisorerne	Public audit, Parliamentary Oversight
Finland	Revisionsutskottet	Public audit, Parliamentary Oversight
Faroe Islands	Lagtingsrevisorerne	Public audit, Parliamentary Oversight
Greenland	Revisionsudvalget	Public audit, Parliamentary Oversight
Iceland	Finansutskottet/ Forfatnings- og Kontrolutskottet	Public audit, Parliamentary Oversight, state budget, matters concerning the Constitution
Norway	Kontroll- og Konstitusjonskomitéen	Public audit, Parliamentary Oversight , matters concerning the constitution
Sweden	Finansutskottet	Public audit, Parliamentary Oversight, state budget
Aaland Islands	Finans- och Näringsutskottet	Public audit, Parliamentary Oversight, state budget

In cases where the PACs solely address audit matters, as in Denmark, the Faroe Islands, and Finland, committee members have the advantage of becoming specialists in public audits and in reviewing reports from the AG. In this way, they acquire the necessary knowledge and experience for identifying best practices and are able to make more general conclusions across different areas of public administration. However, such experience can also be obtained even when committees deal with other matters such as the state budget.

In Sweden, the AGs submit their reports to the standing committee of parliament that is responsible for the policy field involved; for instance, a report about trains is submitted to the committee on transport. The advantage of this system is that parliament can be sure that the AG's reports are made available to, and handled by, the most relevant parliamentary committee.

Powers and Legal Authority of the Nordic PACs

In three Nordic countries (Denmark, Finland, and Iceland), the legal authority of the PACs is stated in the constitution. In Sweden, the constitution states that public funds should be audited by the AG, and different parliamentary committees are responsible for reviewing the AG's reports. In the Aaland Islands, the Faroe Islands, Greenland, and Norway, the legal authority of the PACs is stated in special legislation. Although the primary task of all Nordic PACs is parliamentary oversight of the public accounts, in practice the PACs develop conclusions and make recommendations based on the AG's audit.

All Nordic PACs have the same access to public accounts as does the AG. However, none of the Nordic PACs are empowered to scrutinize the accounts of municipal governments, which historically have been given considerable responsibility for delivery of public services and which are largely autonomous, with their own public audit systems. From time to time, consideration has been given to whether the municipalities should

be audited by the AG, but so far this approach has not been adopted. (If the municipalities were audited by the AG, parliament could benefit from reports on the high-cost areas, and the AG would be able to conduct benchmarking and value-for-money audits across the country to secure efficient use of public funds.) In Denmark, Finland and the Faroe Islands, however, the PACs and the AGs may require municipal accounts to be submitted for review, and they have access to the parts of municipal accounts that relate to activities for which payments are received from the state.

As mentioned earlier, all Nordic PACs base their activities on the AG's reports. In addition, the PACs in Finland, Greenland, Iceland, Norway, and Sweden occasionally conduct their own additional investigations. The Finnish PAC does this regularly and even has a special budget for the purpose. In Denmark, the Faroe Islands, and Greenland, although the PACs are technically able to conduct their own investigations, they do not usually make use of this capacity, but instead ask the AG to carry out the desired investigations. In Denmark, for instance, about 23 percent of the AG's reports are made on the initiative of the Danish PAC⁵. Other PACs do not have the power to request investigations by the AG, because such power could be considered a threat to the AG's independence. Only the Speaker's Committee in Iceland and a plenary session in Norway may request the AG carry out investigations, but in practice, this rarely happens.

Although the PAC's right to ask for a specific audit investigation might be regarded as a problem for the independence of the AG, one could argue that PAC influence on an AG's work program is not incompatible with an AG's independence (McGee 2002, 21). Auditors general must be sensitive to political and public concerns and must let those concerns influence how they distribute their audit resources. To protect the AG's independence, they must be allowed to refuse a PAC request, the PAC must not request too many audits, and the PAC must ensure that requests are made about audit issues only, and not about policy issues.

PAC Members, Chairpersons, and Staff Members

The membership of the Nordic PACs varies from just four members in the Faroe Islands to 17 members in Sweden (figure 4.2), and the share of members of parliament who are PAC members ranges from 3.4 percent in Denmark to 23.3 percent in the Aaland Islands (figure 4.3). In general, in the larger countries PAC members represent a smaller share of the total members of parliament than in the smaller countries. In Norway, all parties in parliament are required to be represented in the PAC.

⁵ In the period from October 2010 to October 2014 23 percent of the AG's reports were made on the initiative of the Danish PAC.

Figure 4.2 Members of a PAC

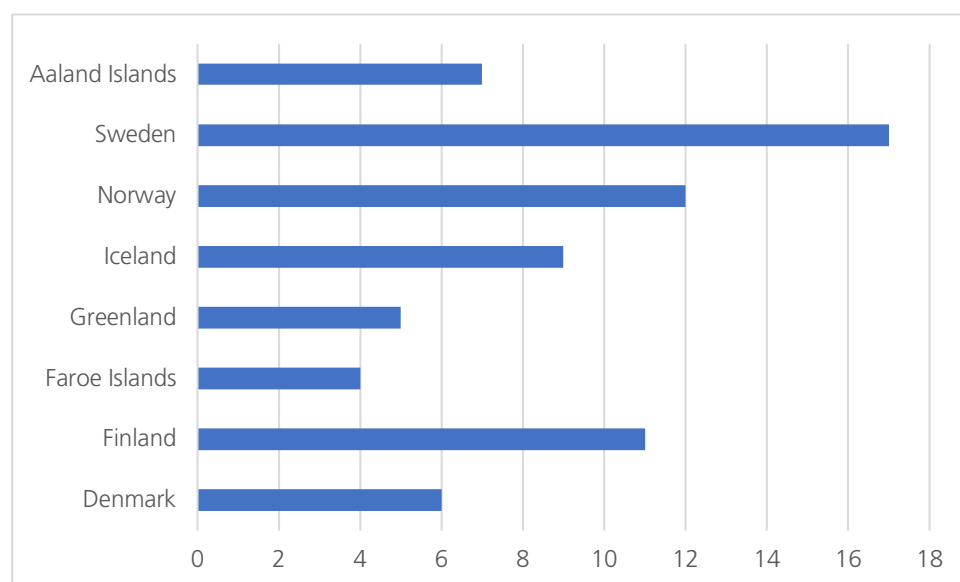
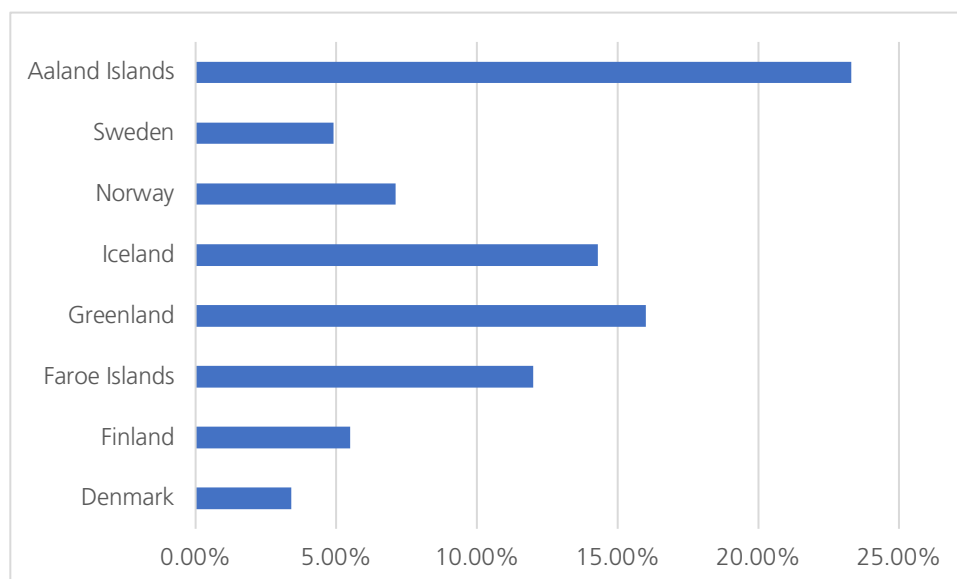


Figure 4.3 PAC Members as a Share of Members of Parliament



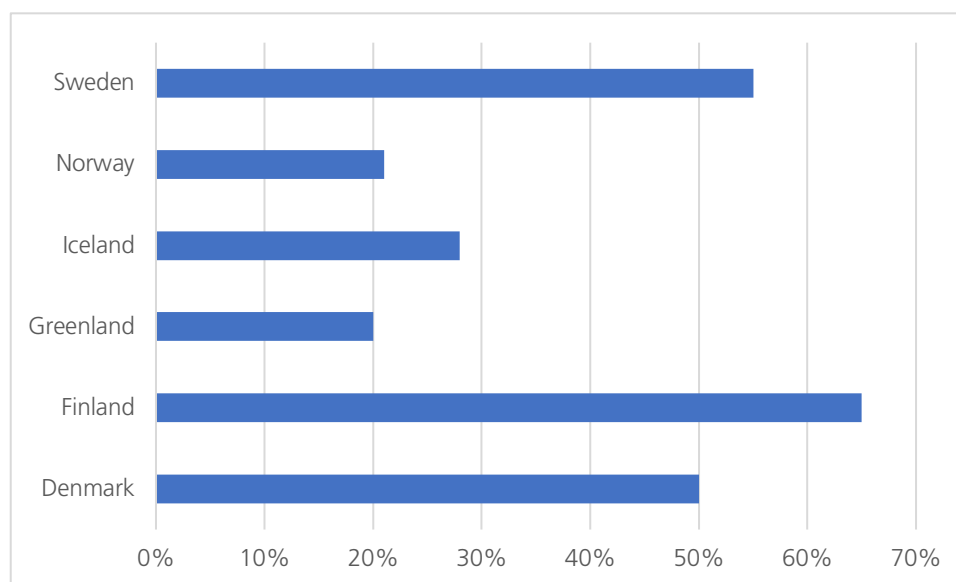
Members of parliament of Nordic PACs are appointed by their respective parliaments through proportional election. In six of the countries, the term of committee membership corresponds exactly with that of parliament's term—typically four years. In Greenland, however, PAC members serve for only one year. In Denmark, the term for PAC members is four years, but it is independent of the term of parliament. The Danish parliament also has PAC members who are not necessarily members of parliament—a peculiarity explained by the fact that until 1926, Danish PAC members performed the audits themselves, thus requiring a search for qualified individuals outside the parliament. Reappointment to the PAC is possible in all Nordic countries.

PAC members are not typically paid additional fees or salaries. However, in five countries the PAC chairperson receives additional compensation, and in the Faroe Islands, PAC members receive an attendance fee. Denmark is an exception in that PAC members receive a special salary payment equal to 50 percent of the salary of a Member of Parliament. PAC members who are also members of parliament receive this compensation over and above their parliamentary salary.

The chairperson is elected from among the PAC members in five of the countries. In Norway, the chairperson customarily represents the opposition. In contrast, the chairperson in the Faroe Islands represents the largest party, and in Denmark, the chairperson is determined by seniority. PAC chairpersons are responsible for chairing the meetings and typically also act as spokespersons for the committee. The Nordic practice of appointing the PAC chairperson differs from the practice in many other countries where, as a rule, chairpersons represent the opposition (McGee 2002, 66; Stapenhurst et al. 2008, 119).

PACs must be adequately resourced to carry out their functions. All the Nordic PACs have their own secretariats with the exception of those of the Faroe Islands, where the AG carries out the secretariat functions—most likely because of the smaller size of parliament. The number of secretariat staff members varies considerably from 1 to 10 persons (figure 4.4). Calculated as a share of PAC members, the staff ratio varies from 20 percent (Greenland) to 65 percent (Finland).

Figure 4.4 PAC Staff Members as a Share of PAC Members

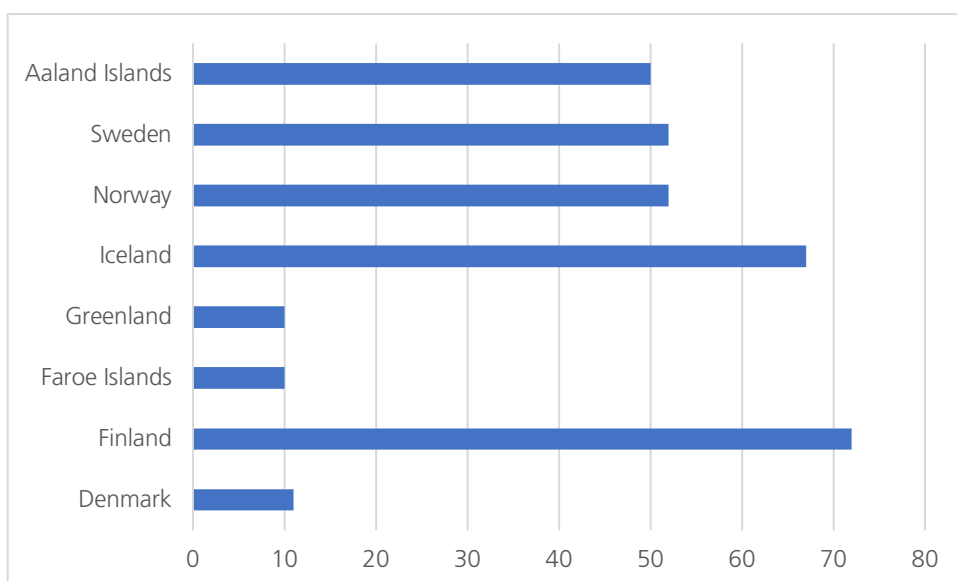


The tasks of the staff involve counseling and decision support. Staff members tend to be academics with experience from public audit or public administration, and continuity among staff members is a tradition. The Finnish PAC staff is especially large because the committee carries out its own investigations. The Swedish staff is also rather large because it deals with matters other than audits. The PAC secretariats have an important task of introducing newly appointed PAC members to the job and guiding them thereafter, except in Sweden and in the Aaland Islands where such guidance tends to be rather limited.

Working Practices and Style of Operation

Committee meetings are the most important activities of the Nordic PACs. The typical agenda includes reviewing and commenting on the reports from the AG, following up on previous audit findings, and making recommendations and suggesting new audit investigations. Across the Nordic region, the number of PAC meetings varies from, on average, one meeting a month to one to three meetings a week. Two factors account for this variation: the PACs that meet most often tend to have responsibilities other than just audit matters, and the number of meetings also varies according to the number of AG reports that the PAC must address. In the smaller Nordic countries, the AG typically submits one to three reports each year, whereas the AGs in the larger Nordic countries and in Iceland typically issue 20 to 30 reports each year. The agenda is generally set by the secretariat in close collaboration with the chairperson. (See figure 4.5).

Figure 4.5 Number of PAC Meetings Each Year



The AG participates in the PAC meetings only when invited or by appointment. Compared to other PACs, such as those in the United Kingdom (see chapter 2) or other standing committees of the Nordic parliaments, Nordic PACs are restricted with regard to public access to committee meetings and hearings. The restriction is justified on the basis that the process of working toward an agreement based on unanimity does not need to be open to the public as long as the results and conclusions are transparent and published. Accordingly, the Nordic PAC meetings are, as a rule, closed to the public, although the PACs in Finland, Iceland, and Sweden may choose to open a meeting to the public. The Norwegian PAC meetings are closed because, as a rule, all parliamentary committee meetings are closed. The minutes of PAC meetings are made public only in Finland, Iceland, and Sweden.

Half of the Nordic PACs—those in Denmark, the Faroe Islands, Finland, and Greenland—strive to reach unanimous decisions and deliver conclusions based on unanimity, but this is a principle and not a strict rule. Recommendations are considered to carry more weight when agreed by all members in order to avoid what

otherwise might be seen as partisan reports with minority views recorded. However, striving for unanimity in decision making can be a challenge and may be unrealistic on certain occasions.

The Danish, Faroese, and Finnish PACs undertake their own audit inspections both nationally and abroad, the latter when examining development assistance. Such inspections typically include visits to different state enterprises and agencies. The experience can be beneficial because PAC members are able to gain knowledge of issues and problems within public administration and public audit.

The PACs in six Nordic countries—the Aaland Islands, Finland, Greenland, Iceland, Norway, and Sweden—conduct occasional hearings involving ministers, civil servants, or staff members from the AG's office. Such hearings are closed to the public with the exception of those held by the Norwegian PAC.

All AG reports and the PAC's recommendations result in a written or oral response from the responsible minister and a follow-up by the AG. In Sweden, for instance, the AGs submit a report every year that follows up on previous audit findings; in Norway, all value-for-money reports are followed up after three years; and in Denmark, all audit reports are followed up by the AG and the PAC after two to four months, with the follow-up continuing until satisfactory solutions have been implemented—sometimes over several years. The effectiveness of the Nordic PACs depends on strong procedures for monitoring government actions taken in response to the recommendations of the PACs and the AG.

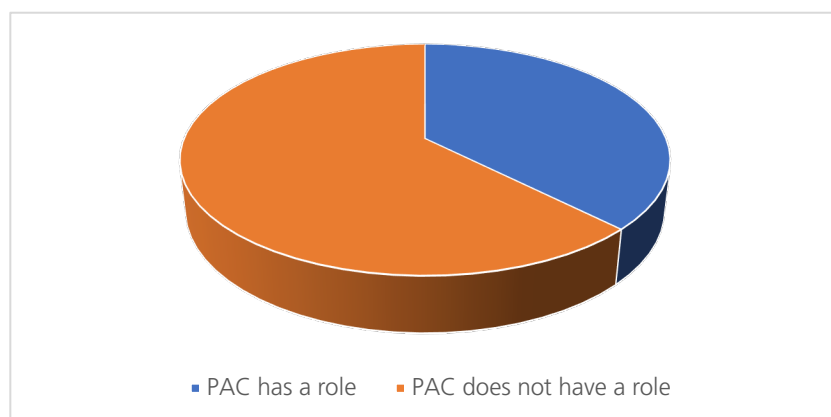
The PACs' Relationship with the Auditor General

In general, the work of the Nordic PACs is guided by the work of the AG. The relationship between the PACs and the AGs may be characterized as interdependent—the PACs depend on the AG's reports and the AG depends on the political review and conclusions made by the PACs. The PACs rely on high quality and reliability of the AG's reports.

All the Nordic AGs undertake both financial audits and performance or value-for-money audits. They work in accordance with internationally recognized public audit standards and practices. The work of the AG is reported to the parliament, the PACs, and the wider community. The Nordic AG's right to present reports to parliament is not restricted in number, audit areas, or any other way.

The AG is mentioned in only three of the eight Nordic constitutions. Auditors General are appointed by parliament, and as such, they are independent of the entities being audited. Five of the Nordic parliaments play a role in the appointment process of the AG, because they recommend the appointee. The PACs in the Aaland Islands, Iceland, and Norway do not have this role. Decisions involving removal of the AG are made by parliament on certain stated grounds. However, the PACs in Denmark and the Faroe Islands have the authority to recommend removal of the AG. The Finnish PAC probably also has the authority to recommend a removal, but the issue has not yet arisen (see figure 4.6).

Figure 4.6 The Role of the PAC in the Auditor General's Removal



The Nordic Auditors General are in general civil servants who are not involved in politics in any way. In Denmark, for instance the AG is prohibited by law to be a MP while he/she is the AG. The Norwegian Auditor General is an exception. In Norway, the office of the AG is led by a Board of five members elected for a term of four years. The board members have a background as former politicians and MPs. The chairman of the Board of Auditors General is the Auditor General. In Finland and Sweden parliament has appointed a parliamentary council whose task is to monitor the work of the AGs. None of the members of the board or the councils are members of the PAC.

In Sweden, the office of the AG is organized in a very different way; the Swedish parliament appoints three AGs who divide the audit areas between them. They are appointed at varying intervals of years to avoid their simultaneous replacement. The three AGs decide independently of each other what audits should be performed, how they should be conducted, and which conclusions are to be drawn within their field of responsibility.

The term of office of the AG is limited in all the Nordic countries, except from the Faroe Islands. In Greenland, they do not have an AG. The task of public audit is outsourced to a private audit company which is appointed every year.

The differences between the organization of the Nordic AGs can probably best be explained as historic and contextual. The organization of the AG has changed when the political balance of power has changed. However, it is clear that an AG with a political background has a particular challenge in terms of achieving parliamentary confidence that the AG's reports are credible and without political bias.

In general, the relationship between the Nordic PACs and AGs is close because the PACs deal with almost all the audit reports submitted by the AGs. In the Faroe Islands, the AG is both auditor and adviser to the PAC and therefore has the added challenge of keeping these roles separated. In summary, the relationship between the Nordic AGs and PACs is close, characterized by mutual respect and trust.

The PACs' Relationship with Parliament

In all Nordic countries, parliament deals with the reports and conclusions submitted by the PACs, but in different ways (see table 4.2). The majority of the Nordic parliaments discuss PAC reports or final conclusions in plenary session, the exceptions being Denmark and Iceland. In addition, PAC reports may be addressed by other relevant parliamentary committees, whose activities supplement the work of the PACs.

Table 4.2 The Way Parliament Addresses PAC Reports and Conclusions

Country	Are committee reports subject to parliamentary debate?
Denmark	PAC reports are discussed by the Finance Committee, occasionally by other committees, and very rarely in a plenary session.
Finland	PAC conclusions are discussed in a plenary session. Parliament decides follow-up on the basis of PAC's recommendations. The National Audit Office reports are sent to the relevant committee, which may act on them (seldom).
Faroe Islands	PAC reports are discussed in a plenary session and handled by the Finance Committee.
Greenland	PAC reports are discussed in a plenary session or a standing committee, if the PAC considers the report relevant.
Iceland	The aim is that PAC reports are discussed by parliament, but that is not always the case.
Norway	PAC reports are discussed in a plenary session.
Sweden	PAC reports are discussed in a plenary session, and reports from the Auditor General are handled by the relevant committee.
Aaland Islands	PAC reports are not created, but PAC conclusions are addressed by Parliament.

One can argue that AGs should actively present themselves and their services to all parliamentary committees—as done in Sweden—and not just to the PACs (McGee 2002, 30–31). As officers of parliament, AGs are responsible to, and should report to, the legislature as a whole. This system ensures an adequate follow-up (for example, questions to the responsible minister, hearings, or new legislation). In contrast, the parliamentary committees' focus on the future, rather than the rear review that audit reports represent, is well known. For example, in Norway the parliamentary committees—unlike the PAC—did not prioritize the handling of the audit reports because they were more interested in developing new policy.

However, one should note that the AGs and the PACs have the potential for a closer working relationship with every committee of the legislature. Best practice might be that audit reports are handled by the PAC and PAC conclusions are addressed by the relevant parliamentary committee. Of course, this approach requires that the AGs are able to provide expertise and audit reports that are relevant to the work of those committees.

Parliament's Use of Public Audit Results

There is no systematic use of public audit findings across Nordic parliaments. Interesting questions that arise from our survey include: Could members of parliament and standing committees get more benefit from the public audit results? Why do members of parliament and standing committees not make better use of the

public audit findings? And are the findings too historical and not politically interesting because they are already dealt with by the PAC?

The evidence suggests that there is a potential for Nordic parliaments to make better use of the public audit results. The focus of public audit is to generate information and knowledge to decision-makers. Members of parliament may make better use of public audit findings in three ways:

- PAC reports may increase MPs' knowledge of specific subjects, especially as the reports are objective and reliable.
- PAC reports may assist Parliaments in holding ministers politically responsible for his/her actions. (Neither PACs nor AGs have the authority of sanctioning ministers.)
- PAC reports may be used as input in the future legislation. Often PAC reports and recommendations point out how a public administration could be more effective and efficient which may be useful input when new legislation is being prepared.

The PACs' Relationship with the Media

Despite today's media landscape where the media have great power and influence, none of the Nordic PACs has a formulated media strategy or policy. The media become increasingly important for the PACs' communication of results and messages to the public. Typically, PAC members speak to the media after their meetings, and occasionally, PACs issue a news release. In contrast, the AGs typically have a media relations unit that handles the media in a professional manner.

In general, all documents—audit reports, correspondence with the minister, and so forth—are published when they are submitted to parliament. The Internet is used mainly for publication of documents. These documents form the basis of the media's coverage of public audit results.

Conclusion

Despite the obvious differences in the eight Nordic countries and regions' history and organization of public administration and parliamentary systems, this comparative description of the Nordic PACs shows that there are more similarities than differences. However, the similarities are not a result of an organized adoption of good practice from one Nordic country to another. They are rather an evolution over time. Different forms of government and parliamentary oversight have converged in each country and have been shaped by contextual factors such as the country's history, form of government, political powers, public trust in the public sector, level of corruption – and the political will to parliamentary oversight⁶.

The comparative description of the Nordic PACs in this chapter has not aimed to identify best practice. In order to point out lessons learned and identify best practice, a comparison of the attributes of Nordic PACs to the 'ideal committee' described by Stapenhurst et al. (2014) is presented in the Annex.

⁶ Inspired by the conceptual framework in Stapenhurst, 2014: pp. 148-151.

Annex

The attributes of an ideal committee has been proposed by Stapenhurst et. al. in the “best practice guide for PACs” (2014). The attributes are proposed on the basis of a survey of 33 PACs from different jurisdictions around the Commonwealth. The attributes are grouped under five major headings: 1) Mandate and legal powers, 2) Relationship with the Auditor General, 3) Structure and internal organization, 4) Activities (practices and procedures) and 5) Resources.

1) PACs’ mandate and legal powers

The best practice guide recommends that:

There is clarity on the committee’s role and responsibilities.

The Nordic PACs share the same responsibilities and serve the same purpose of holding government accountable for the use of public funds. In all Nordic countries parliament has a standing committee – or an independent institution like in Denmark – which is responsible of parliamentary oversight and of auditing the public accounts. The Nordic PACs are regarded as important parts of the parliamentary systems that help to ensure that governments account for their operating policies and actions, their management and their use of public funds.

The Nordic PACs’ legal authority is either stated in the constitution or in special legislation, but there is not any indication that the performance of the PACs is affected by the legislative framework under which it operates. The committees’ roles and responsibilities are clear, even in the cases where the committees have other responsibilities beyond parliamentary oversight. In this way the Nordic PACs’ mandate and legal powers are in accordance with the ideal of the best practice guide for PACs.

Another attribute deals with PACs’ access to information:

The committee should have unconditional access to all government agencies and have the power to ‘follow’ government money provided to non-government service providers.

All the Nordic PACs have the same unconditional access to examine public accounts as the AG. One limitation is that they do not have access to scrutinize private companies or organizations, unless it is stated by law. Another limitation is, that none of the Nordic PACs are empowered to scrutinize the accounts of municipal governments because the municipal governments are autonomous units with their own politically elected auditors. It may be concluded that the Nordic PACs access to information is not fully in accordance with the best practice guide.

The best practice guide recommends that the PACs have the power to self-initiated inquiries. However, the attribute does not explain whether these inquiries should be carried out by the AG or another party:

In addition to issues raised by the Auditor, the committee has the power to investigate other matters.

All the Nordic PACs (except from the Aaland Islands) have the power to initiate inquiries in addition to the investigations of the AG, but there is clear difference on how often inquiries are initiated and who carries out the investigations. In Denmark and the Faroe Islands, the PACs have the authority to ask the AG to investigate certain matters, while the other Nordic PACs use other investigators.

The best practice guide suggests that PACs should have the power to scrutiny estimates:

In smaller jurisdictions, there may be benefit in combining ex post and ex ante budget review within the remit of the PAC.

The Nordic PACs primarily do ex post reviews. A trend towards PACs having a more active approach can be seen: They perform some ex ante oversight activities, they instruct the AG and they launch their own investigations. The question is whether this more active approach is appropriate and beneficial to parliamentary oversight? This question must probably be answered in the future, but it may be noted that the more active approach carries the risk of PACs becoming a part of the decision-making process. If they are a part of the decision-making process they will have difficulty subsequent to criticize the administration.

When it comes to reporting to parliament the best practice guide suggests the attributes:

The committee issues formal substantive reports to parliament at least annually.

Parliament holds an annual debate on the work of the committee.

The Nordic PACs regularly submit formal substantive reports and conclusions to Parliament several times a year. The majority of the Nordic parliaments deal with PAC reports and conclusions in a plenary session, and in some parliaments PAC reports are also dealt with by the relevant parliamentary committee. There is evidence to suggest that the Nordic parliaments could make better use of the public audit results, for instance as a means of increasing the MPs' knowledge of specific subjects, making the minister politically responsible to his deeds, and as input in the future legislation.

The best practice guide underlines that follow-up to committee recommendations is important:

The committee has established a procedure with the government for following up its recommendations and is informed about what, if any, action has been taken.

The Nordic PACs' follow-up procedures are fully in accordance with the ideal of the best practice guide. All PAC reports and recommendations are followed up by oral or written statements from the minister responsible, and the follow up continues until satisfactory solutions have been implemented.

2) Relationship with the Auditor General

The Nordic PACs relationship with the AG is fully in accordance with attributes of the best practice guide:

The Auditor's report is automatically referred to the committee and the Auditor meets with the committee to go over the highlights of the report.

In all its deliberations, the committee uses the Auditor as an expert adviser.

The AG's reports are automatically referred to the Nordic PACs, and the AG participates in PAC meetings when invited to go over the highlights of the reports or to advise the PAC members. The number of audit reports reviewed by the PACs is higher in the larger countries. The PACs base their conclusions and recommendations on the audit findings of the AG. The relationship between the Nordic PACs and the Auditors General is close and interdependent and characterized by mutual respect and trust. The PACs depend on high quality audit reports to fulfill their purpose, and the AG in turn requires an effective PAC to ensure that government takes the audit findings seriously. The committees also use the Auditor General as an expert adviser.

All Auditors General undertake both financial audit and performance audit or "value-for-money" audit. The majority of the Auditors General reports are value-for-money audit findings because the public administration in the Nordic countries is to a great deal correct when it comes to compliance and proper accounting. The AG is in most Nordic countries a non-political civil servant appointed by parliament on the recommendation of the PAC.

In most of the Nordic countries the AG's office is organizationally placed under parliament in order to protect the organization and secure sufficient resources to the AG's office. This is an ideal attribute which the best practice guide does not deal with and therefore suggested as a supplementary attribute.

3) Structure and internal organization

The best practice guide states that the size of the PAC is strongly related to the PAC output and performance:

The committee is small; committees seem to work well with 5-11 members, none of whom should be government ministers.

In the Nordic parliaments, the number of PAC members varies from 4 members in the Faroe Islands to 17 members in Sweden. The number of PAC members depends on the size of parliament and is higher in the larger Nordic countries than in the smaller countries. Also the number of PAC members is higher in the committees which have other responsibilities than public audit matters. With the exception of Norway and Sweden, it may be concluded that the number of PAC members in the Nordic countries is in accordance with attributes of the best practice guide.

The best practice guide points out that political representation on the PAC have two dimensions: the party affiliation of the chair and the proportion of committee members from opposition parties. The ideal attributes are described as:

Senior opposition figures are associated with the PAC's work, and probably chair the committee.

The chair is a senior parliamentarian, fair-minded and respected by parliament.

All the Nordic PACs constitute themselves, meaning that the chair is not appointed directly by parliament, but by the members themselves. Consequently, the chair sometimes represents an opposition party, sometimes a government party. In Norway however, it is an unwritten rule that an opposition figure chairs the PAC, while there is another unwritten rule in Denmark: the member with the highest seniority is appointed chair. The Nordic practice of appointing the chair of the PAC is thus not in accordance with the best practice.

Committee membership should provide for adequate participation by opposition MPs; their proportion of the PAC membership should at least represent their proportion of the seats in parliament.

The Nordic PAC members are appointed by parliament through proportional election. When government has the majority in parliament, government consequently has the majority of PAC members, and vice versa in the case of minority governments. Norway is an exception, because it is a rule that all parties should be represented in the PAC. Denmark is also an exception because the 6 PAC members typically represent the opposition and the government fifty-fifty, in spite the opposition's proportion of seats in parliament.

In the Nordic countries the proportion of the PAC membership is in accordance with the best practice because the members at least represent their proportion of the seats in parliament. Whether this is always an "adequate" participation by the opposition MPs is an open question which requires further consideration.

The length of term makes the PACs more effective. The best practice guide describes the attribute as:

The committee is appointed for the full term of the parliament.

The Nordic PAC members are appointed by parliament, typically for the full term of the Parliament (except for Greenland where the members are appointed every year). The term is typically 4 years. In Denmark, PAC members are appointed every fourth year, but the period of appointment is not influenced by general elections.

4) Activities (practices and procedures)

Committees that meet on a frequent basis have a better opportunity of efficient and consensual working practices. The best practice guide suggests the following attributes concerning PAC meetings:

The committee meets frequently and regularly.

A steering committee plans the committee's work in advance and prepares an agenda for each meeting to the full committee.

The committee strives for some consensus in its reports.

The most important activities of the Nordic PACs are the committee meetings where the members review and comment on the AG's reports and follow up on previous audit findings. The Nordic PACs meet frequently and regularly, but with a variation of one meeting a month to 1-3 meetings a week. The number of meetings varies according to the number of reports from the AG. The PACs of the larger Nordic countries and Iceland consequently meet more often because they deal with 20-30 audit reports a year, while the PACs of the smaller Nordic countries deal with 1-3 reports a year. The committee's work and agenda is planned by the PAC secretariat and the chair, not by a steering committee.

Only half of the Nordic PACs strive for consensus in their conclusions and reports, although this may be regarded as best practice⁷. In Australia (see Chapter 10), United Kingdom (see Chapter 2) and Denmark for instance there are strong conventions of striving for consensus because it strengthens the PAC conclusions and recommendations and has a positive impact on the government's acceptance of the audit findings.

The typical witness is a senior public servant ('the accounting officer') accompanied by the officials that have detailed understanding of the issues under examination.

Hearings are open to the public; a full verbatim transcript and summary minutes are quickly available for public distribution.

Six of the eight Nordic PACs hold hearings of senior public servants or ministers (Finland, Greenland, Iceland, Norway, Sweden and Aaland Islands). The hearings are not open to the public, except for the hearings held by the Norwegian PAC. The PAC meetings are as a rule closed to the public. Only the PACs in Finland, Iceland and Sweden distribute transcripts and summary minutes from the PAC meetings. The practice of the Nordic PACs is in the area of hearings and meetings not fully in accordance with the best practice guide. Becoming more transparent and open to the public may be a future challenge for the Nordic PACs.

The reason for the Nordic PAC meetings being so closed is a fear that more openness would make it difficult for the members to agree and remain objective. At the same time it is stressed that PAC reports and conclusions are quickly available for public distribution on the internet, and that PAC members are often interviewed to the media after a meeting.

Despite the fact that media become increasingly important for the PAC's communication of audit outcome, none of the Nordic PACs have a formulated media strategy or policy. This is an attribute which the best practice guide does not deal with. I suggest it as an attribute to be considered in a future best practice guide.

Regardless of the difficulty of measuring PAC performance the best practice guide suggests that:

A committee should assess its performance annually.

⁷ Stapenhurst, 2014 pp. 136-137.

None of the Nordic PACs assess their performance. Only the Danish PAC has in 2009 conducted a survey of the efficiency and performance of the committee. The survey included benchmarks with PACs in other countries, an expert evaluation and a client evaluation.

Three of the Nordic PACs do their own inspections of projects and activities within the public sector. They emphasize that these inspections are very useful as a means of value for money audit. The best practice guide does not deal with inspections as a PAC activity. I suggest it as an activity to be considered in a future best practice guide.

5) Resources

The best practice guide stresses that the issue of PAC capacity is not only related to the mandate and scope of work but also the staffing and financial resources available to the PAC. It is recommended that:

Committees should be involved in determining their own budgets. Such budgets should provide financial resources for member allowances, site visits and costs related to public hearings.

The committee is adequately supported, with an experienced clerk and competent researcher(s).

Specialised training (including orientation and mentoring) should be provided to new PAC members.

The Nordic PACs have their own budget for the costs of member allowances, site visits, meetings and hearings. The Finnish PAC has in addition a budget for self-initiated inquiries. The Danish PAC is an exception, because it is an independent institution and as such has a total budget for all costs including salaries to staff, pensions etc.

The Nordic PACs are in general adequately supported by a secretariat with an experienced clerk and a competent staff, although the number of employees varies from 1 (in the small countries) to 10. The staff is typically academics with experience from public audit and public administration. There is a strong tradition of employees having long appointments. The primary tasks of the staff are decision support, counselling and preparing the PAC's documents. The majority of the secretariats also provide new PAC members with training to the job.

When this comparative description of the Nordic PACs is compared to the attributes of an "ideal committee" as described in the best practice guide, the conclusion is that the Nordic PACs practices are very much in line with the best practice guide. The differences are mainly due to contextual factors such as each country's history, political powers and will to political oversight. This article may inspire some PACs to change their practice into the best practice guide or it may be the basis for maintaining existing practices. For instance, it is unlikely that all the Nordic PACs will hold open hearings in the future because of the risk of disagreements among the PAC members that it may lead to. The ability of having a bipartisan climate within the committee would likely be more important to the PACs.

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Chapter 5

Parliamentary Oversight and Public Accounts Committees in East Africa: A Review of Recent Research

Rick Stapenhurst

Introduction

The purpose of this chapter is to summarize recent research from scholars and oversight in East Africa. Such research can be grouped into three broad categories. First, the examination of PACs in East Africa, undertaken by Pelizzo and Kinyondo (2014). Second, an assessment of the effectiveness of parliamentary oversight (and of PACs, in particular), in reducing corruption; here, the Draman (forthcoming) prepared a case study of Tanzania and Titriku (forthcoming) a case study on Uganda. And finally, Oloare, Stapenhurst, Karakas, Sarigollu, Jo, and Draman's (2018) study of the role of oversight and PACs in overseeing extractive industries, complemented by Stapenhurst, Karakas, Sarigollu, Jo, and Draman (2017).

This chapter consists of four sections. The first summarizes the key findings of Pelizzo and Kinyondo (2014), who looked at the organizational features of PACs; the mandate of the PAC; PAC activity and the PACs' access to witnesses and their ability to follow up on their recommendations. The second section presents the more recent research of Draman (forthcoming) and Titriku (forthcoming), and compares and contrasts the structure and effectiveness of both Auditors General and of PACs and other oversight committees in two East African countries, namely Tanzania and Uganda. The third section presents a snap shot of initial research findings from an on-going project examining the demand and supply sides of corruption. Here, Oloare et al. (2018) examined how parliaments oversee foreign mining activities in Tanzania. The final section makes some overarching observations and conclusions.

PACs in East Africa

Pelizzo and Kinyondo's (2014) analysis presented two particularly interesting findings. First, they found that East African PACs are unique although they follow global best practices in some respects, in that they have more committee members than elsewhere and are at least moderately active in terms of holding inquiries, hearing and producing reports, they depart from such practices in other respects.

First, they noted that the number of members in East African PACs and the number of members in the legislatures are not correlated, as they are in most other regions (see chapter 9, the Pacific Islands, for example). More significantly, Pelizzo and Kinyondo (2014) found that the number of activities carried out by East African PACs is significantly and inversely related to the range of powers that the PACs had at their disposal. Thus, for example, although a broader mandate and a wider range of powers generally enhance PACs' abilities to be more active and effective, in East Africa a broader mandate appears to be detrimental to the functioning of PACs. Somewhat ironically, they noted, PACs that are mandated to do too much are less effective in performing their oversight function. Furthermore, while PAC performance is typically the result of

the number of members serving on the committee, and the efficiency with which committees use the human and financial resources at their disposal, the Tanzanian PAC is an aberration. It is smaller than some others in the region, and it has the fewest staff supporting the committee. Yet it is the very active in terms of holding meetings and in conducting hearings, suggesting – according to Pelizzo and Kinyondo (2014) - that the Tanzanian PAC's willingness to use limited available resources efficiently is the most important factor explaining PAC performance.

In other words, according to Pelizzo and Kinyondo (2014), effective PACs and, more generally, effective oversight, reflects parliaments' and parliamentarians' commitment to seriously pursue the oversight function that they are mandated to perform. In the absence of such commitment, formal powers and material resources at the disposal of MPs will fail to ensure effective oversight (see Thompson and Staddon, forthcoming).

Oversight in Tanzania and Uganda: The Auditor General, Oversight Committees and Special Parliamentary Commissions

As part of a larger research project funded by the British Academy and the UK's Department for International Development to addresses the scarcity of information at the country level on the impact of parliamentary oversight on curbing corruption, Draman (forthcoming) and Titriku (forthcoming) examined the relationship between parliamentary oversight and corruption in Tanzania and Uganda, respectively.

Table 5.1 Basic Facts about Tanzania and Uganda

	Uganda	Tanzania
Population	42 million	57 million
Ethnic groups	About 40	About 100
Major religion	85% Christian; 15% Muslim	35% Muslim; 61% Christian
Area	93,065 sq. miles	365,756 sq. miles
Independent	1962	1961
Type of Government	Semi-Presidential	Presidential
Type of Legislature	Unicameral	Unicameral
(British Commonwealth)	Yes	Yes
Transparency International Ranking	151st	103rd
GDP per Capita	US\$700	US\$1,172

As can be seen from Table 5.1 and Boxes 5.1 and 5.2, there are substantial similarities in terms of geographic and population size and, in recent years, form of government. Almost neighboring countries in East Africa, both have a multitude of ethnic and religious groups, both were colonized by the British in the mid-late 19th century and both became independent in the mid-20th century. *At independence, both were parliamentary democracies, both have had critical junctures of military rule and/or one-party state rule, both have evolved from a pure parliamentary system, and both now have a semi-presidential form of government (albeit with strong Westminster overtones).* A fundamental question the authors seek to answer is “Why is corruption lower in Tanzania (ranking 103 out of 180 countries; Transparency International, 2018) than in Uganda (151/180)?” In answering this question, the authors, looking at the intersection of structure, context and policy, considered how parliamentary oversight tools work within different legislative systems and what other factors, besides oversight tools, explain the relationship between legislative oversight and corruption.”

Box 5.1 Tanzanian Political Context

After gaining political independence in 1961, Tanganyika merged with Zanzibar in 1964 to become the Republic of Tanzania, with a presidential-parliamentary form of government. Zanzibar has a semi-autonomous status with its own executive, judiciary and legislative organs; under the Tanzanian constitution, executive decisions relating to non-union matters (namely health, education and the environment) are exercised by the Revolutionary Government of Zanzibar. Tanzania switched from a one-party state to a multiparty democracy, with a peaceful transition including eleven elections over the more than five decades since becoming a republic in 1964.

Although power is yet to change from one party to another, democracy is vibrant with civil society organizations gradually having more voice in governance. Recent developments, however, cast a slur on Tanzania's democracy: in 2016 several moves by the authorities threatened civil liberties with an indefinite ban on public assemblies and public broadcast of parliamentary sessions while the annulment of the 2015 elections in Zanzibar resulted in the opposition boycotting the elections. The recent passage of the Media Services Bill and the subsequent approval by the President has been described as an act to repress the media and curb freedom of expression.^a Political opposition in Tanzania is weak as political infighting continues to plague opposition parties of winning elections.

The 1977 Constitution mandates that the President appoint all ministers from the National Assembly, a provision which, while in keeping with the Westminster model of parliamentary governance, worries some political commentators as it compromises the separation of powers. Some Members of Parliament may also be appointed as district and regional commissioners if the President deems them fit for that position. The National Assembly is the only body mandated to make laws, but the President has the power to dissolve the National Assembly. The latter can also impeach the President under articles 38 2(D) 46 (A) 50 (3) and 53 (A).

The National Assembly is unicameral and has 390 members, comprising 263 members elected from the same number of constituencies as created by the legislature, 113 special seats, one Attorney General, five members elected by the Zanzibar House of Representatives, and eight members appointed by the President. It has 18 committees under four thematic committee headings: Housekeeping Committees, Sector Committees, Crosscutting Committees, and the Watchdog Committees. Every Member must belong to at least one committee.

Source: Draman (forthcoming).

^aRefer to <<https://freedomhouse.org/report/freedom-world/2017/tanzania>>

Box 5.2 Ugandan Political Context

Political independence in Uganda was achieved in 1962 and since then the country has had three different republican regimes, interspersed with periods of coup d'états, civil wars and tribal struggles for power. The third and current republic is the longest in the history of Uganda: there have been five elections^a over the past two decades, with Yoweri Museveni winning all of them.

Although there is yet to be a change of government in the Third Republic, elections are usually marred by electoral violence and allegations of foul play^b that disadvantage opposition parties. The recent elections in 2016 where the incumbent won by a landslide victory of 60.8% is a testimony of the violence that characterizes elections in Uganda: media reports described the manner of the elections as unfair, noting the house arrest prior to the elections of the main opposition leader, Kizza Besigye.^c Uganda lags behind much of Sub-Saharan Africa: the 2016 Democracy Index ranks Uganda at 94 out of a total of 156 countries, below Cape Verde (23), Botswana (27) and Ghana (54). Prior to 2006, Uganda was a one party (officially: 'no party') state.

The President is the head of state, the head of government, and Commander-in-Chief of the Uganda People's Defence Forces. The Constitution provides for a cabinet which comprises the President, his Vice, Prime Minister and any number of Ministers the President may deem necessary for running the state. The President has sole power to appoint and dismiss all the ministers, of whom there are 31 and ministers of state (currently 49).

Legislative powers are controlled by both the National Assembly and the government. Parliament is the only body mandated to make laws and is a unicameral system with members being elected on a five-year basis. As of 2017, there were 426 members in the national Assembly with the National Resistance Movement (NRM) holding a majority of two thirds. Out of the 426 members, 289 are directly elected, 112 are reserved for only women and there are 25 special seats, for representatives of the army, youth, workers, persons with disabilities and other groups as may be deemed fit by parliament and ex-officio Members (who cannot vote on issues before the House)^d. There are 11 standing committees and 15 sessional committees; each Member must belong to two committees: a standing committee and a sessional committee. The legislature is accessible to the public through its outreach programs, and has a good relationship with CSOs and related institutions.^e The legislature has a non-partisan media facility that supports information dissemination to the public.

Source: Titriku (forthcoming).

^aElections in Uganda are organized every five years since the third republic

^bSee, <http://www.reuters.com/article/us-uganda-election-idUSKCN0VT08A>

^c<http://www.aljazeera.com/news/2016/02/uganda-opposition-leader-arrested-days-elections-160215132155444.html>

^dThe Vice President, Prime Minister and Ministers who, if not already elected Members of Parliament, shall be ex-officio Members of Parliament, but without the right to vote on any issue requiring a vote in Parliament (Article 78)

^e<http://www.parlcent.org/en/wp-content/uploads/2013/11/Summary-Report-UGANDA.pdf>

Here, we summarize the data collected by Draman and Titriku and a present comparative analysis of the data regarding the Auditors General, the PACs and oversight committees in both countries.

Auditor General

In Tanzania, the National Audit Office, is headed by the he Controller and Auditor General, who is both appointed by, and reports to, the President. Furthermore, it is the President who tenders the audit report before the National Assembly for scrutiny and inquisition.

The work of the National Audit Office is critical to ensuring accountability in the governance process. Respondents were not convinced that the Controller and Auditor General enjoys independence in the execution of its work 55% of respondents indicated independence, while 45% thought there was not. Nonetheless, Draman (forthcoming) showed that among key informant interviewees, at least, the National Audit Office is considered to be very effective in its work. Interestingly, however, the CSO representatives were less impressed with the work of the office: Table 5.2 below.

In Uganda, by contrast, the Auditor General (AG) is not appointed by Parliament but reports directly to parliament. Some respondents (33) believe he/she has independence when it comes to staffing and budget, while 13 think otherwise. The AG does not have security of tenure based on those interviewed. Nine respondents believe the AG cannot be removed while a larger number think he can be removed from office. The AG is believed to be *somewhat effective* (Table 5.2) in uncovering fraud and corruption; media representatives reported the effectiveness somewhat higher (mid-way between somewhat effective and very effective) than the average, and MPs somewhat lower than the average. The work of the AG under normal circumstances should lead to prosecution, imprisonment, refund of monies missing, warning, interdiction and removal from office.

Table 5.2 Effectiveness of the Supreme Audit Institutions

where 'not effective'=1, 'somewhat ineffective'=2, 'neither effective nor ineffective'=3, 'somewhat effective'=4, 'very effective'=5.

Question		Tanzania	Uganda
29.	How effective is the (Controller and) Auditor General in combatting fraud and corruption? All Respondents	4.1	4.0
	o/w Members of Parliament	4.8	3.9
	o/w Parliamentary Staff	4.7	4.0
	o/w Civil Society representatives	2.7	3.8
	o/w Journalists	4.3	4.7

Parliamentary action has occasionally led to financial recovery in Uganda, but the process is seen to be ineffective since it rarely results in prosecution, with the guilty party often pardoned. One reason this occurs is the alleged intimidation of accountability committees by powerful people connected to the government. Another reason is that fraud and corruption are usually uncovered after the event occurs, with auditing

taking place 3-4 years after and requiring parliamentary debate. The African Parliamentary Index (API) made similar findings in a study conducted in 2012.

“Here it was observed that though the structures and laws required to carry out oversight exist, certain challenges such as the unwillingness of state institutions to implement recommendations and also of the slow rate at which some of the accountability committees work means that the efficiency and effectiveness of their work is reduced. For instance, it was reported that though the Public Accounts Committee (PAC) is chaired by a member of the opposition as constitutionally mandated, its recommendations were routinely ignored especially if they implicate members of the executive. This is because these recommendations are not legally binding”. (API 2012: Summary Country Report, Parliament of Uganda)

The data makes evident that there is much else that could be done for making audit outcomes and PAC recommendations binding on the Executive. In addition, the executive could do a better job of sanctioning those found culpable of corrupt practices.

Oversight Committees

In Tanzania, the principal oversight committees in the National Assembly are the Public Accounts Committee and the Local Authorities Accounts Committee. These committees play a watchdog role, assuring that appropriations of sums granted by the National Assembly meet public expenditure commitments. As Table 5.3 indicates, the level of partisanship in these committees is “neither weak nor strong”, according to survey respondents. This is great for consensus building in the National Assembly, as over politicization of oversight committee work reduces the effectiveness of the committee. These committees meet about eight to eleven times annually and are well-equipped with 5-6 technical staff. The respondents indicated that the committees have been very effective in uncovering cases of fraud and corruption in public service.

In Uganda the accountability committees – the Public Accounts Committee (PAC), Committee on Commissions, Statutory Authorities and State Enterprises (COSASE) and the Committee on Local Government Accounts. These committees consider the reports and audits of ministries of the state, state enterprises and local governments respectively and make recommendations to the whole House. Stapenhurst et al (2005) identify structure and organization as factor that contribute to having effective PACs and, by extension, oversight committees. The rules in Uganda allow for a membership of 15-30 per committee, which, relative to size of the Parliament, is comparable with other countries (McGee, 2002).¹ The accountability committees are chaired by the Opposition with membership drawn from both sides of the House. Our survey results show that the degree of partisanship within the committees is *somewhat strong* (Table 5.3), with civil society and media representatives scoring it higher and MPs and staff lower. This can be attributed to the ratio of

¹ The Parliament has a total of 426 MPs

majority to minority MPs per committee.² Partisanship within committees, particularly accountability committees, can impede committee work. Partisanship also impedes the effective functioning of accountability committees when members use the investigative powers of the committee to promote their own political fortunes (Stapenhurst et al, 2008). This ultimately affects the committees' ability to carry out effective oversight and fight corruption.

Table 5.3 Effectiveness of the Oversight Committees

Where Q.29: 'not effective'=1, 'somewhat ineffective'=2, 'neither effective nor ineffective'=3, 'somewhat effective'=4, 'very effective'=5.

Q.22: where 'very weak'=1; 'somewhat weak'=2; 'neither weak nor strong' = 3; 'somewhat strong'=4; and 'very strong'=5

Question		Tanzania	Uganda
29.	How effective are the Public Accounts and other oversight committees combatting fraud and corruption? All Respondents	3.6	4.2
	o/w Members of Parliament	3.8	4.2
	o/w Parliamentary Staff	4.4	4.4
	o/w Civil Society representatives	3.0	3.8
	o/w Journalists	3.4	4.4
22.	What is the degree of partnership within those parliamentary committees charged with oversight? All Respondents	3.0	3.6
	o/w Members of Parliament	2.5	3.1
	o/w Parliamentary Staff	3.4	4.2
	o/w Civil Society representatives	3.6	3.1
	o/w Journalists	3.0	4.1

Special Parliamentary Committees of Inquiry

About 67% of the respondents indicated that the legislature in Tanzania has utilized its powers to set up special committees and commissions of enquiry in the past. Key among those commissions were, the Special Committee set up by the Speaker of the House to investigate how much revenue tanzanite, a gemstone unique to Tanzania, contributes to the country's coffers. In July 2017, the House also set up a commission to probe diamond mining in Tanzania, specifically, how the country was benefiting *from* diamond mining. The commissions have been instrumental in streamlining policies and bringing order to the natural resource sector in Tanzania. As a result, commission work is considered to be "very effective" by all respondents. The work of the committees and commissions of enquiries in the past have led to many ministers resigning and heads of institutions being fired. In most cases, the House recommended that the Executive sanction those found to have violated the law.

² The NRM holds a two-thirds majority

Table 5.4 Effectiveness of Special Parliamentary Commissions of Inquiry

where 'not effective'=1, 'somewhat ineffective'=2, 'neither effective nor ineffective'=3, 'somewhat effective'=4, 'very effective'=5.

Question		Tanzania	Uganda
14.	How effective are special parliamentary commissions of inquiry in combatting fraud and corruption? All Respondents	4.6	3.9
	o/w Members of Parliament	4.9	4.1
	o/w Parliamentary Staff	4.5	4.1
	o/w Civil Society representatives	5.0	3.5
	o/w Journalists	3.8	4.0

Special committees of inquiry are also set up to look into specific issues when the need arises. Recent parliamentary probes conducted by special committees of inquiry include investigation on the management and operations of Uganda Telecom in 2016 and the case of the Presidential handshake in 2017.³ All groups of respondents assert that Special legislative committees are *somewhat effective* (Table 5.4) in uncovering fraud and corruption, again with CSO representatives scoring the committees lower (3.5/5) than other respondents (4.1/5 for MPs and parliamentary staff; 4.0/5 for the media). The actions of such committees lead to a number of things, in some cases, the resignation or impeachment of Ministers or those implicated, police investigations and prosecutions. But at other times, the reports are shelved without debate or the recommendations are not implemented.

Oversight of Extractive Industries: the Case of Tanzania

Oloare et al. (2018) examined legislative oversight of the mining industry in three African countries: Burkina Faso, Ghana, and Tanzania. They focused on the roles of the parliament in promoting transparency and government accountability, and thereby reducing corruption and, in so doing, it seeks to answer the following questions: How can parliamentary oversight reduce corruption in the mining industry?

The first major theme that emerged from their research was the **weak institutional capacity of legislators and legislatures**. In Tanzania and elsewhere, the majority of parliamentarians are inexperienced, and they are operating within weak institutions. Bryan and Hofmann (2007) observed that weak parliaments cannot serve as counterweights to more powerful executive branches. A Member of Parliament stated that often, *"the issue boils down to lack of capacity. Most MPs do not have the background to understand the contracts, but they still get approved on the floor of the House."* Oloare et al. noted that many African MPs,

³ The Parliamentary Committee on Commissions, Statutory Authorities and State Enterprises (COSASE), through a decision of the House in January 2017 was tasked to investigate how 42 selected government officials were rewarded with Tanz. shillings 6 billion for winning two oil-related cases against British Oil exploration firms also known as the "presidential handshake". The President was also cross-examined as part of the investigations. The Committee in its June 2017 report on the matter recommended among other things, that all funds paid to beneficiaries of the handshake should be refunded and Officers who flouted the law should be held accountable. The IGG was charged to institute investigations to establish culpability and possible offenses.

do not possess the technical knowledge required to critically examine the mining contracts or documents that come before them for scrutiny. Said one respondents in Tanzania - *"Lack of capacity, knowledge and understanding of the extractive sector by the Parliamentarians are major challenges. You have members of Mining Committee who do not understand the mining sector, and they do not have any technical staff to assist them in conducting research and analysis of the sector. On top of this, Parliamentary Committees are re-shuffled every two and a half years. How do you retain and sustain the technical knowledge of the industry in this manner?"*.

In other cases, Oloare et al. (2018) found, institutional constraints prevent legislators from engaging effectively in the extractives industries. For example, an MP indicated that Parliament has very little role or influence in negotiating the mining contracts - *"negotiations are done between the Minerals Commission, the Sector Ministry and the Chamber of Mines. Parliament only ratifies it. So all the works would have been done without parliament's involvement. By the time it gets to parliament, it is already a done deal. Most of these negotiations are even held outside the country with the mining companies paying for government delegation. A lot of the mining contracts never even went to parliament."* Part of the institutional challenges is lack of resources. Most institutions that are mandated to fight corruption are not well-resourced and they are not independent.

Most respondents agreed that there is huge problem of corruption and lack of transparency in the mining/extractives industries and it was noted that corruption practices manifest at different phases and stages of mining sector. It is this web of corrupt practices at different levels, which leaves citizens as the ultimate losers and highly impoverish. One respondent stated that *"when it comes to extractives, there is feeling citizens are not benefiting. Foreign companies come and mined the resources and take them away."* There is a consensus among respondents that citizens are being shortchanged. A former Member of Parliament argued that *"we don't have much to show for all the mineral wealth. Whether it is because we are not getting as much revenues as we should get because of corruption in that area or whether the revenues that end up with government are not properly utilised, one is not very sure."*

The fourth theme is the **absence of political will to confront the culture of corruption** in the extractives industries. Many respondents argue that, though there are several anti-corruption laws and regulations in the three countries, however, lack of political will among elected officials to enforce these laws is a major problem. A respondent from Tanzania observed that: *"Tanzania does not lack laws and regulations... What is lacking in this country but which fortunately is being demonstrated right now with our current President is leadership. The current President is making things happened. It is not because he has changed the country's laws. No, it is because of strong political will and desire for change"* Another interviewee stated that the *"culture of impunity, lack of political will to fight corruption and weak enforcement of anti-corruption laws"* are the bane of the fight against corruption. He argued that *"application of these laws and the implementation of various reforms remain major challenges that could only be met with firm political will from governments."* Another respondent claimed that the *"issue of corruption often get politicized which makes it difficult to prosecute. For instance, the Access to Information Bill has been on the table for a long time. It never gets passed. Each side of the House always promises to pass it when they come into*

government only to change their mind when they do come into government. Parliament unites only on issues that affects them directly. He concluded that "it is evident that parliament is the major block standing in the way of the bill becoming law." A Parliamentarian observed that the governance system in these countries also encourages executive dominance. *"The average parliamentarian is not looking for faults. The onus lies on opposition to do that and often, people tend to look at it as political even when it is technical."* He argues that until there is a complete separation of power between the executive and the legislature, there may not be any significant change in the fight against corruption. According to Bryan and Hofmann (2007), many African legislatures have little independence from more powerful executives and ruling political parties, and they also have limited political will to carry out their legislative oversight functions without fears. This confirms the finding of Stapenhurst, et. al (2017) that argued that anti-corruption laws are largely unenforced, and this seems to reflect a lack of political will among some key influential bureaucrats and politicians to combat corruption.

Fifthly, **conflicts of interest** are another important theme identified as an obstacle to effective oversight of the mining industry by legislators and government officials. A Member of Parliament from Ghana observed that *"Political parties reward members with appointments. Almost all public service appointments are made by the President. Even MPs are serving on Boards which is wrong because these are entities parliament is supposed to oversight."* However, this same problem was addressed in Tanzania by preventing MPs from serving on Boards of State Owned Enterprises – *"This presents a conflict of interest as MPs cannot perform oversight functions over government organizations where they are serving as Board members, so we stopped this practice"* said a former MP. Participants also pointed out that it was difficult for people to separate their private lives from their public lives. For instance, *'there have been many examples of people in high offices who have allowed family ties and relationships to affect their judgement...they always allow personal ties and personal interests to override the public interest.'*

Oloare et al. (2018) concluded that 'Parliament Matters' across the whole spectrum of Extractives Industries value chain in the fight against corruption. Parliamentarians are people's representatives, they noted, and should serve and protect the interests of their constituents. This can only be achieved, they believed, through a multi-stakeholder's approach- particularly, when Parliaments work closely or collaborate with other demand actors in the accountability eco-system such as civil society organizations, the media, Supreme Audit Institutions, anti-corruption agencies, national secretariats of EITI and other external actors. Good governance of the extractives sector requires participation, transparency and accountability across the EI value chain. Therefore, Parliaments and Parliamentarians should seek collaboration with multi-stakeholders' organizations or groups active in this space to address challenges of corruption in the extractives industries.

Parliaments need to develop oversight mechanisms, such as PACs and Parliamentary Budget Offices. Oloare et al. contended, if they are to effectively ensure that revenues from the sector are properly accounted for, optimized and deployed appropriately for current and long-term sustainable development purposes (World Bank 2016).

Conclusions

There is a small but growing body of research on parliamentary oversight in East Africa, generally, and on PACs, in particular. The common theme of this research is that both institutional and behavioral issues are important determinants of effectiveness. Pelizzo and Kinyondo (2014) attribute the success of PACs to structural, organizational, institutional, legal, and behavioral factors. They found that the larger East African PACs generally hold more meetings and, paradoxically, that PACs with broader powers and greater access to government agencies are *less* active than PACs with a narrower range of powers. Indeed, they noted, the broader the PAC mandate in terms of right of access, the lower the number of meetings and hearings held by the PAC.

Draman (forthcoming) and Titiku (forthcoming) found contrasting situations in Uganda and Tanzania. While parliamentary oversight tools are well-established in Uganda, parliament is not using these tools to their full extent, and while Uganda's legal framework is very strong, actual implementation is quite weak. There is a need to streamline the operations of all accountability institutions and, in particular, the Audit Act and the Inspector General of Government Acts need to be harmonized. The relationship between both the Auditor General and the Inspector General and the PAC needs to be more clearly defined. Creating a synergy within the accountability and anti-corruption framework will ensure that these institutions' efforts are not be duplicated. Civil society needs operational improvements in its engagement with Parliament, while Parliament needs to safeguard media rights while ensuring that there are regulations to make media houses responsible and accountable. In contrast, the Tanzanian National Assembly's structure subtly obstructs effective oversight, and does not support clear legislative-executive jurisdiction with consensus between all the arms of governance regarding their respective roles. Executive power curtails and overshadows legislative power and the executive's power in the legislature limits scrutiny over oversight. Oversight bodies, such as the ombudsman, media and civil society organizations, provide important resources to the legislature but a significant number of them are also under the control of the executive, which receives their reports, appoints and dismisses heads of some of these institutions, and makes laws that limit their capacities.

Finally, building on Draman (forthcoming) and Titiku (forthcoming), Oloare et al. (2018) echoed the need for closer collaboration between PACs, oversight institutions and civil society and also confirmed one of the important conclusions of Pelizzo and Kinyondo (2014), namely, that political will is important: MPs, regardless of political party affiliation, must want to make oversight work and government must give parliament the space to carry out oversight.

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Chapter 6

Public Accounts Committee: Perspectives from West Africa

Rasheed Draman

Introduction

This chapter presents an overview of public accounts committees (PACs) in West Africa. It examines the range of structures, responsibilities, and working practices of these committees in a region that combines variations of the Westminster parliamentary system with variations of presidential systems, as well as with various hybrid models that straddle the two systems.

The different levels of democratic development and the different political systems across West Africa make for wide differences in committee effectiveness throughout the various parliaments in the region, and this is particularly the case with PACs. Despite these differences, in the past few years, all PACs in the sub region have united around the common goal of ensuring transparency and accountability in the use of public funds. Indeed, PACs in the sub region have been the most active of all parliamentary committees and have created the West Africa Association of Public Accounts Committees (WAAPAC).¹

Focus of Chapter

The focus of the survey questionnaires administered in the five West African PACs of The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone, on which this chapter is based, builds on the work of Stapenhurst et. al (2005), which found certain attributes to be important to the success of PACs. The attributes are mandate and legal powers, relationship with the auditor general, membership and leadership, activities, and resources. Of importance, these attributes are not exhaustive. Indeed, recent findings by Stapenhurst, Pelizzo, and Jacobs (2014) provide some updates that build on these key identified success attributes.

Mandate and Legal Powers of PACs

One of the key attributes of effectiveness of parliamentary committees is clarity of their mandate and their legal powers. For PACs, a broad scope in their mandate is central to their institutional capacity to oversee a country's public accounts. A broad scope provides the committee the right of access to various areas of public and private institutions. In West Africa, all PACs surveyed indicated that their mandate provides them with unrestricted access to government agencies as well as nongovernmental agencies that are funded by government resources.

¹ The WAAPAC was established in February 2009, when participants at a seminar organized by the World Bank Institute in partnership with the Commonwealth Parliamentary Association and the Parliamentary Centre for Public Accounts Committees made a resolution to have a West African subregional association of PACs. The legislatures of Cameroon, The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone were represented at this seminar. Today, WAAPAC has members from Francophone parliaments that do not have a Westminster heritage, but rather have adopted or adapted the French (Napoleonic) model.

However, access is not totally unrestricted, except in the case of Sierra Leone. In Nigeria, PACs for both the Senate and the House of Representatives reported that they lack access to local government authorities. This deficiency reflects the fact that the country operates a federal system of government and such matters are under the jurisdiction of the various state parliaments and their PACs.

Another area with some restrictions is the access to nongovernmental organizations and government-owned corporations. In the case of the latter for instance, in Liberia, the restrictions are the result of the powers given to the boards of these corporations through the act that established them; the rationale for this approach is to avoid political interference in the work of these corporations.

Given the growing interest in performance audits, a trend is developing to provide PACs with powers to examine programs and policies for a determination of issues of economy, efficiency, and effectiveness. Economy relates to minimizing the cost of resources used for a program; efficiency is about making the most of available resources; and effectiveness concerns achieving the stipulated aims or objectives of the program. With respect to performance audit issues, some variations in access were reported by PACs in West Africa. In The Gambia, for instance, access is conditional; in Liberia, a PAC is not involved in performance audits; and in Ghana, the PAC reported unrestricted access.

Even though the data indicate a wide range of access, reflecting the broad mandate of PACs, whether this mandate translates to effectiveness remains to be seen.

Relationship with the Auditor General

The auditor general's (AG) duty within each country is to certify and report on the accounts of government departments and public undertakings. The AG's position is so sensitive that the post is usually a protected one under the country's constitution, which preserves the freedom and independence of that office. The AG works very closely with, and is supposed to be an officer of, parliament. One of the primary roles of PACs is to examine the reports prepared by the AG as well as carry out appropriate follow-ups.

Given the generally accepted view that the AG should be an officer of parliament (Stapenhurst, Pelizzo, and Jacobs 2014), the situation is interesting in that most PACs in the region have very little or no involvement in the appointment or dismissal of the AG. Only the Nigerian Senate PAC and the PAC in Sierra Leone, for instance, play a role in approving the appointment of the AG, although the Liberian Senate PAC is consulted in his or her appointment. With regard to removing the AG from office, only the Liberian Senate PAC is consulted. This approval process probably accounts for some tensions that existed between the Ghanaian PAC and the AG a few years ago. At the time, the AG, who had reached the age of retirement, was kept in office by the president, against the wishes of the PAC. Despite the PAC's strong insistence that the AG retire—as required by law—he remained in office for many more years.²

² See "Ex-Auditor General Loots Gov't Cruisers," *The Enquirer*, November 13, 2009, www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=171829.

Despite their lack of involvement in the appointment of the AG, PACs in West Africa enjoy an excellent working relationship with the AG. Some PACs, namely those in Sierra Leone and Ghana, have a designated permanent liaison from the AG's office who is attached to the PAC. In addition, the AG is also considered a permanent witness at most PAC sittings. He or she is always on hand to provide support to the committee, particularly during in-camera meetings before public hearings. In fact, in The Gambia, PAC proceedings never begin until the AG is present.

The relationship between PACs in the region and the AG has also been enhanced thanks to WAAPAC. At its annual accountability meetings, the association always ensures that each country delegation comprises not only PAC members but also the AG or his or her representative. Every year, a deliberate effort is made to give the AG a role on the agenda of the accountability meetings mainly to discuss his or her working relationship with the local PAC, particularly what the AG expects from the PAC to efficiently execute his or her mandate.

Membership and Leadership of the PAC

In general, a PAC has no ideal size. However, to be effective, the size of the PAC should be small and its membership should correspond to the distribution of seats by party in the legislature. Further, with the majority party having the greater number of committee seats, an important counterbalance is that the minority party controls the chair. In parliamentary circles, this norm, which exists in many Commonwealth and non-Commonwealth jurisdictions, has come to signify the willingness of both the majority and the minority parties to operate in a nonpartisan manner and to work on the basis of consensus.

In West Africa, the average size of a PAC is 14 members. This size is not small enough to be ideal, but it is not too large to make the work of the committee unwieldy. The major variations in size occur in the Nigerian House of Representatives PAC, which has 27 members, and the Ghanaian PAC, which has 25 members. In Nigeria, its population size and the size of its National Assembly explain the size of its PAC. However, in Ghana, rationalizing the size of the PAC is more difficult because its size is similar to that of most House committees. This number reflects the provisions of the Standing Orders, which require that every member shall belong to at least one House committee. Over the years, this provision has been found to be unnecessary and has created inefficiencies in the work of many committees. As a result, the Standing Orders in Ghana are currently being revised, and as part the revision, committees' size will be reduced. In the future, members will be able to sit on only one committee.

The Gambia deserves some commentary regarding the size of its PAC. Even though officially, as per its Standing Orders, the PAC comprises nine members, it is joined with the Public Enterprises Committee. As a result, in reality, it has 33 members, more than a third of the entire Parliament of 53 members. This is a serious anomaly that affects the effective functioning of the committee: conducting meetings with such a big group is unwieldy, and achieving consensus with such a huge number of members is difficult.

The composition of PACs in West Africa also suffers some defects. Because the PAC is one of the few committees in West African parliaments that hold its sittings in public, members of parliament (MPs) always seek membership on the committee because of the media coverage they receive when sitting on the PAC.

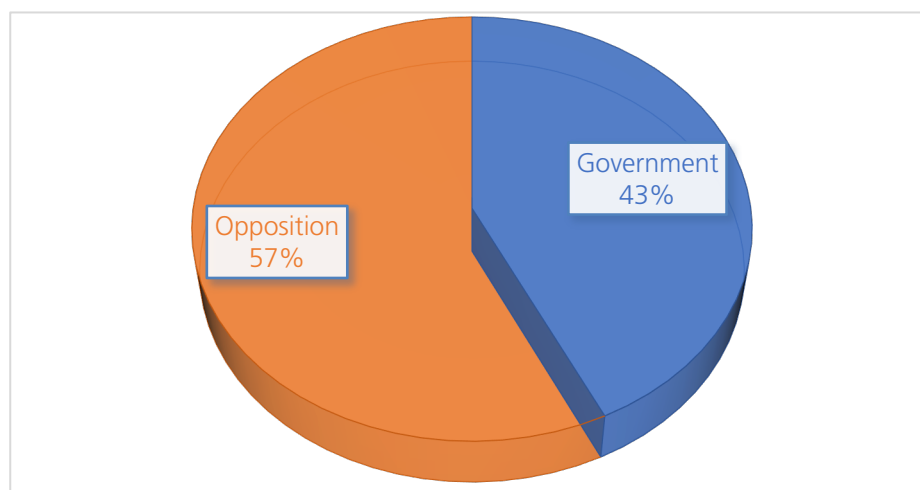
Intense lobbying goes into the appointment process for membership on the PAC. In a number of parliaments, one gets appointed to the PAC not because of skill but because of connections with the appointing authorities in parliament. As a result, many well-qualified MPs do not serve on the PAC despite their skills in accounting, auditing, and finance. In one parliament, a senior member of the PAC remarked that most of his colleagues on the PAC lack the skills to serve on the committee and are not trainable.

In terms of leadership of the PACs (see table 6.1 and figure 6.1), consistent with the practice across the Commonwealth, 57 percent of the PACs in the region are headed by a senior opposition MP (Ghana, Liberia [House of Representatives], and Nigeria [Senate and House of Representatives]), whereas 43 percent are headed by members from the ruling party (The Gambia, Liberia [Senate], and Sierra Leone). In The Gambia, the speaker chairs the PAC, while in Sierra Leone, the deputy speaker is the chair of the PAC. The Liberian Senate PAC is headed by a senior member from the ruling party.

Table 6.1 Chair of the PAC: from Government or Opposition

Country	Government or opposition
Gambia, The	Government
Ghana	Opposition
Liberia, House of Representatives	Opposition
Liberia, Senate	Government
Nigeria, House of Representatives	Opposition
Nigeria, Senate	Opposition
Sierra Leone	Government

Figure 6.1 Chair of the PAC: from Government or Opposition



Finally, consistent with good practice, all PAC members, including committee chairs, are appointed for the entire term of the parliament. This timing ensures continuity and learning, particularly in situations where MPs without the requisite skill set are put on the committee.

One unique practice, common only in the Ghana PAC, is the appointment of the most senior PAC member from the ruling party as a ranking member who enjoys a status close to that of the committee chair. This practice has been viewed by many as one mechanism that helps the committee in arriving at a consensus in most of its decisions.

PAC Activities and Resources

Activities of PACs in West Africa vary significantly. For the power to be proactive, the story is mixed. The standing orders of some parliaments do not allow the PAC to self-initiate activities; instead, the PAC must receive a referral from parliament before undertaking any activities. This is the case with the Ghanaian PAC; the AG initiates all PAC activities. This approach is considered a serious default and is currently being addressed in the revision of the Ghanaian Parliament's Standing Orders.

The Nigerian Senate PAC, unlike the Ghanaian PAC, has power to be proactive and initiate any activity it deems fit. This approach is consistent with the widely held view in the region that the National Assembly of Nigeria is one of the progressive legislatures in the region with regard to the availability of oversight tools (Draman 2014). However, whether these tools translate into effective oversight remains to be seen.

Unlike in the Senate in Nigeria, initiation of PAC activities is divided in the House of Representatives. The AG initiates 75 percent, Parliament initiates 5 percent, and the committee initiates 20 percent.

Division of PAC activities of the House of Representatives in Liberia is somewhat similar to that in Nigeria. The AG initiates 40 percent of PAC activities, Parliament initiates 50 percent, and the committee 10 percent.

Definitive data are not available for PAC activities in The Gambia, Liberian Senate, and Sierra Leone. However, an analysis of the data from elsewhere, together with anecdotal evidence, suggests that most PAC activities in West Africa are driven by the AG. A common limitation of the powers of most PACs in the region—reflected in standing orders or rules of procedure—is that the committees have no power to initiate their own investigations or to examine matters that are not referred to them by their parliaments.

Conducting Inquiries

As table 6.2 shows, wide variations exist in terms of the time period to conduct PAC inquiries in West Africa. Inquiries take anywhere from less than three months in Ghana to over a year in Nigeria. Such variations can be attributed to a number of reasons. First, the volume of work and the level of support available to the committees are problematic. Most PACs have many documents to review before undertaking inquiries, yet they have very little expert support. Second, scheduling may be an issue. The standing orders of most parliaments in the region allow MPs to belong to several committees. This creates problems for key committees, such as PACs, in reaching a quorum each time they schedule an inquiry. Third, a lack of financial

resources is a hindrance. Most PACs in the region are financially constrained, and, as a result, PAC meetings simply do not occur. Fourth, given that most PACs have a backlog of reports to consider, many inquiries are years late and the availability of witnesses is diminished because they may have changed jobs, retired, or died. And finally, many PACs (other than those in Nigeria) face a shortage of support staff (see table 6.3).

Table 6.2 Average Duration of PAC Inquiries

Country	Average duration of PAC inquiries
Gambia, The	No data
Ghana	Less than 3 months
Liberia, Senate	–
Nigeria, House of Representatives	6–12 months
Nigeria, Senate	Over 12 months
Sierra Leone	3–6 months

Note: – = not answered

Table 6.3 Number of Staff Members Supporting the PAC

Country	Number of staff members
Gambia, The	4
Ghana	4
Liberia, House of Representatives	–
Liberia, Senate	0
Nigeria, House of Representatives	19
Nigeria, Senate	18
Sierra Leone	2

Note: – = not answered

PAC Hearings

West African PACs have all recently embraced the good practice of holding their hearings in public. Previously, most PAC hearings were held in camera, not because a law existed that prevented them from holding public meetings but because the committees lacked either the required capabilities or the resources to conduct public hearings. Most parliaments in West Africa have been financially constrained, at least until very recently. In Ghana, for instance, the PAC began holding public hearings in 2007 through a Parliamentary Scrutiny Project, funded by the U.K. Department for International Development and implemented by the Parliamentary Centre. Currently, most public hearings in Ghana are funded by donor resources, as is the case in The Gambia, Liberia, and Sierra Leone.

Most of the PACs report that their hearings are open to the public. However, hearings are closed in situations where sensitive national issues are being discussed or where the Committee decides unanimously to hold any particular hearing in camera.

To be effective in their oversight functions, PACs need information, which is usually obtained through the testimony of witnesses. As part of their powers, PACs should be able to compel witnesses to answer questions and should be able to call for documents. In West Africa, most PACs view themselves, by virtue of constitutional or standing orders provisions, as possessing the powers of a high court of Law. As a result, they have unfettered access to witnesses and documents except in situations where the information is privileged (Ghana) or is restricted by law (Liberia, House of Representatives).

For the regular witnesses summoned, PACs are nearly unanimous in summoning departmental officials. Regarding the summoning of ministers as witnesses, however, PACs are divided. In Ghana, Liberia, and Nigeria (Senate), ministers can be summoned, whereas in The Gambia, Nigeria (House of Representatives), and Sierra Leone, they cannot. This divided position is informed, on the one hand, by the fact that ministers are not spending officers and should not necessarily be called to the PAC. On the other hand, ministers are perceived as being ultimately responsible for anything that happens in their departments (see chapter 2 in this volume regarding the issue of ministerial responsibility).

Not calling ministers is understandable. Most West African countries are very deeply politically and ethnically divided, and, as young democracies, a tendency exists to view every issue as a political one. Given that PACs are striving to reach decisions by consensus, keeping ministers away from PAC proceedings may help achieve this goal by taking politics out of PAC work. As one PAC chair in West Africa recently remarked, “about 95 percent of the issues that come before the committee are administrative and fall within the purview of the bureaucracy. Therefore, dragging ministers into the deliberations is counterproductive.”³ In Ghana, by contrast, the view is that the process of ensuring public accountability must not suffer because of the perception that summoning ministers will be seen as injecting politics into the committee’s work. In that country, the PAC is determined to embrace the modern concept of accountability, and no individual or issue is off-limits.

Reporting Inquiry Findings and Recommendations

In West Africa, all PACs, except Ghana, report that achieving consensus in their recommendations is a very important consideration even though they are not legally required to do so. As explained earlier, to achieve consensus as well as to avoid politicization of their work, most PACs must overlook the concept of ministerial responsibility in favor of the less politically sensitive approach of ensuring that spending officers are those called to account.⁴

³ Conversations with a PAC chair; Accra

⁴ Ghana’s position on consensus probably explains why ministerial responsibility is seen as important in the work of the committee: the PAC incorporates the view of the minority in its final report.

The clerk to the committee, together with the PAC secretariat, is responsible for drafting PAC reports, except in The Gambia and Sierra Leone. In The Gambia, the clerk to Parliament is responsible for drafting the reports. In Sierra Leone, the Standing Orders state that the chair of the PAC (who is also the deputy speaker of Parliament) is formally responsible for drafting the report, but in practice, the clerk to the committee actually drafts the reports.

PAC reports are prepared to highlight the findings and recommendations of the committee and to strengthen accountability processes by having the plenary session debate the report. Across West Africa, most PACs conform to this practice; the only exception is The Gambia.

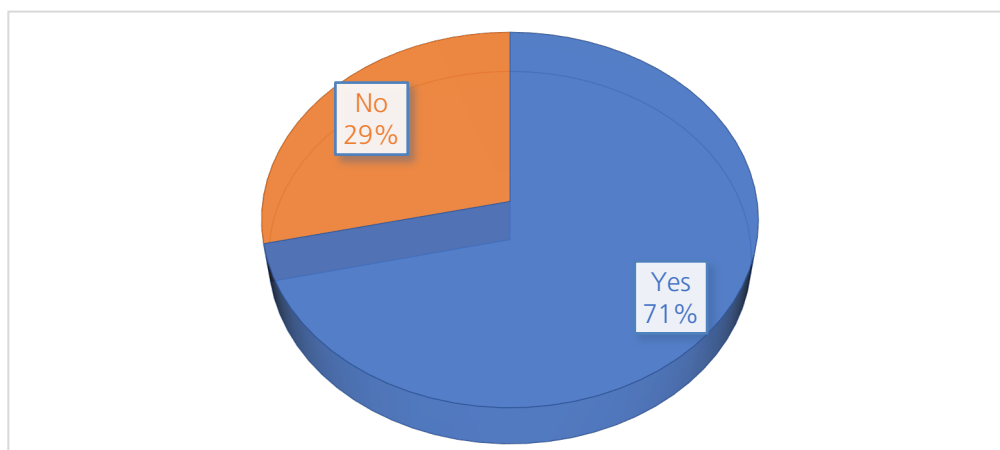
Most PACs strive to achieve consensus in their reports. However, when the reports are debated in the plenary sessions, politics often take center stage. Ruling parties tend to want to protect senior public officials, particularly ministers who are named in PAC reports.

Following Up on Inquiry Recommendations

Once PACs make their recommendations, the biggest test is whether the government responds to those recommendations. This response is a key indicator for assessing the performance of PACs.

In West Africa, a majority of the PACs (71 percent) reported that they require a response to their recommendations (figure 6.2). In Liberia (House of Representatives PAC), the president has a responsibility to respond to the plenary session and not the PAC, on the basis that the PAC recommends to the plenary session and not directly to the president.

Figure 6.2 Percentage of PACs Requiring a Response from the Executive to Reports in Parliament



The biggest challenge facing most PACs in the region is the apparent lack of interest by the executive in the work of the PAC. PACs develop many reports with recommendations, which, if implemented, would help strengthen government accounting control systems. However, most governments do not show any serious interest in the reports, and, ultimately, the reports are debated with little or no follow-up.

The Gambia seems to be the only country in West Africa with a high level of presidential interest in the work of the PAC and in ensuring of effective follow-up. Here, two formal mechanisms have been employed. First, an officer in the Office of the President is responsible for ensuring that government departments implement PAC recommendations. Second, and perhaps more important, a high-level task force is used, comprised of the attorney general; ministers of justice, finance, and interior; inspector general of police; a member of the National Intelligence Agency; and two members of the PAC. The task force meets once a year to review PAC recommendations and ensure effective follow-up.⁵

Evaluation of PAC Performance

Stapenhurst, Pelizzo, and Jacobs (2014) developed a number of criteria to evaluate the performance of PACs. These include recommendations accepted, recommendations implemented, legislation modified, information improved, legal action taken, and disciplinary action taken.

Most West African PACs measure their performance not by these globally accepted criteria but by immediate effect—how much money have they recovered from errant officials or how much have they saved because of the committee’s interventions. Other means by which they measure their performance include the number of AG reports they have reviewed; the number of backlogged AG reports they have cleared; and the level of citizens’ interest in, and media coverage of, the committee’s work.

Recently, the chair of the Ghanaian PAC praised the work of the committee by indicating that it had retrieved more than cedi 20 billion (US\$60 million) from various public institutions in just one year. In The Gambia, according to PAC members, as a result of the committee’s work as well as the work of the Task Force in preparing to follow up on recommendations of the committee, significant amounts of monies have been retrieved from public officials and lodged in a special account set up by the government. In Nigeria, one gets the sense that the PACs in the House of Representatives and the Senate have been very active over the past few years. They have carried out a number of investigations and considered several reports of the AG, on which they have made some recommendations. Parliamentary analysts in Nigeria credit the PACs for doing their work diligently even if the recommendations have not resulted in the changes desired by the committees. On the basis of the principle of separation of powers, the analysts argue that once the PACs complete their work, the task of implementing the recommendation is in the hands of another branch of government. As a result, they suggest, the committees cannot be blamed for any failures.

Across West Africa, most PACs praise themselves for working diligently over the years to clear backlogs of AG reports. In some countries, backlogs went as far back as 10 to 15 years. Most important, until about 10 years ago, many PACs had neither the support of their parliaments nor the requisite capacity for or even knowledge about the powers they possessed. Thus, as a result of these challenges, most PACs began their work with a huge deficit in terms of the reports they had to consider. For most PACs therefore, being up to date with AG reports is considered a significant achievement and measure of success.

⁵ Ghana’s position on consensus probably explains why ministerial responsibility is seen as important in the work of the committee: the PAC incorporates the view of the minority in its final report.

Another measure of success for most PACs is the level of public awareness of their work as well as the media coverage the committees receive. PACs garner significant public attention and media coverage for the naming and shaming that often occurs during committee hearings. For most PACs, this attention is an important measure of success. Members believe that this public creates a deterrent effect on the part of public officials, who often confess to being embarrassed when they are dragged before a PAC in the full glare of the media.

Final Thoughts

Previously, West African PACs were not very well known and existed mostly in name only. More recently, they have become very active in broadening the discourse on accountability. In the past, they worked mainly in camera with little or no links to other key stakeholders in the accountability process—the media and civil society organizations.

Today, the PAC landscape has changed significantly because of various parliamentary development interventions that emphasized supporting the work of PACs. For example, most of the World Bank's parliamentary support in West Africa has been targeted at PACs, as was the support of other donors such as the U.K. Department for Foreign and International Development and the German Agency for International Cooperation. As a result of these interventions and the realization by parliaments themselves of the potential of PACs' strengthening oversight and accountability, PACs have become important committees of parliament. In many countries, because of the work of PACs, the image of parliaments in the region has significantly improved.

PACs have been very good at naming and shaming, and in some instances, they have worked to instill fear in public office holders by creating a deterrent effect. They have also succeeded in addressing significant backlogs of reports of the AG.

Despite significant progress, West African PACs still face some serious challenges. First, there are issues related to their mandate. In some jurisdictions, PACs believe that clarity is lacking in their mandate. Many PACs in the region have some limitations when initiating oversight activities on their own. They cannot be proactive in their work: they can work on only those issues that have been referred to them by the speaker of the House of Representatives or by the plenary session. The Ghanaian Parliament has initiated a process to address this challenge by revising its Standing Orders to broaden the powers of the PAC and, in particular, the power to be proactive and initiate its own oversight investigations.

Another area of challenge that remains to be addressed is the issue of follow-up and implementation of the recommendations of PACs. To date, in most countries, except in The Gambia, some mechanisms exist, but they have no effect because of the apparent lack of interest on the part of the executive to implement PAC recommendations. In Ghana, for many years, efforts have been made to set up a financial tribunal to deal with recommendations of the PAC, particularly in situations requiring involvement of the courts. This tribunal is not yet established.

Partisan and divisive politics has taken center stage in the work of most PACs in West Africa. As a result, in most cases, the work of the PAC is seen as a witch hunt against political opponents particularly because most PACs are chaired by opposition parties. Two implications have emerged: first, this circumstance has affected the motivation of most PAC members and members of parliament in general to push for and demand accountability. Second, a general public perception exists that the work of PACs is simply media fanfare.

Finally, the issue of capacity continues to bedevil most PACs on two levels. First, the capacity of committee members is problematic. Despite the fact that most parliaments in the subregion have ensured that PACs are appointed for the full mandate of the parliament, because of the prestigious nature of the committee, intense lobbying influences the selection of members to the committee. Some PACs gain members who lack the requisite capacity to make any meaningful contribution to the work of the committee. Second, and related, the capacity of PAC secretariats to carry out their responsibilities is challenging. Here again, three issues arise. First, most Parliaments have serious human resource constraints, particularly in numbers, and this affects PACs' work. As a result, most PACs, like other parliamentary committees, have only one or two clerks. Second, these clerks do not have the relevant capacity to support the committee attached to the committee. Finally, where they even have some capacity, these clerks are rotated frequently from the committee. Thus, a combination of capacity issues of committee members and staff members ultimately affects the quality of the work of the committee.

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Chapter 7

Public Accounts Committees in Southern Africa

Vineeth Atreyesh Vasudeva Murthy¹

Introduction

Auditors General and Public Accounts Committees (PACs) should aim to build and improve their capacity to carry out their oversight role effectively, ensure and promote their independence from partisan and political influence, and facilitate the exchange of information and ideas amongst PACs to keep current with new developments and best practices (McGee, 2002). Using multinational data collected by the World Bank Institute (WBI), Stapenhurst *et al* (2005) defined PACs successes by:

- a) Information availability and non-partisanship;
- b) Institutional design including powers and mandate to investigate past and present government expenses, check governments' initiatives on implementing PAC recommendation and work closely with Auditors General; and
- c) Nonpartisanship PAC members with good working relationships who strive for consensus, prepare thoroughly before meetings, keep transcripts of meetings, publish reports and involve the media and the public in their work.

In light on the above conclusions, Stapenhurst *et al.* (2005) proposed 17 attributes of 'an ideal PAC'; Box 7.1 presents these attributes.

¹ This Chapter, compiled by Vineeth Atreyesh Vasudeva Murthy, builds upon and extends unpublished reports prepared for the World Bank Institute by Riccardo Pelizzo (Public Accounts Committees in Southern Africa), a revised version of which was subsequently published under the authorship of Riccardo Pelizzo and Abel Kinyondo (2014), Nkozi Ngozwana (Benchmarking Paper on Public Accounts Committees in SADC) and Mariam Umarji (Planning and Budget Commission of the Assembly of the Republic of Mozambique). The funding for these research projects was provided by the World Bank. Tables 7.1, 7.4, 7.5, 7.8 and 7.11, and related text, are reproduced with permission from John Wiley and Sons; where more recent information is available, they have been updated.

Box 7.1 An “Ideal Committee”

1. The Committee is small; committees seem to work well with 5-11 members, none of whom should be government Ministers;
2. Senior opposition figures are associated with the PAC’s work, and probably chair the Committee;
3. The Chair is a senior parliamentarian, fair minded and respected by parliament;
4. The Committee is appointed for the full term of the parliament;
5. The Committee is adequately resourced, with an experienced clerk and a competent researcher(s);
6. There is clarity on the Committee’s role and responsibilities;
7. The Committee meets frequently and regularly;
8. Hearings are open to the public; a full verbatim transcript and summary minutes are quickly available for public distribution;
9. A steering committee plans the Committee’s work in advance and prepares an agenda for each meeting to the full Committee;
10. The typical witness is a senior public servant (the “accounting officer”) accompanied by the officials that have detailed understanding of the issues under examination;
11. The Auditor’s Report is automatically referred to the Committee and the Auditor meets with the Committee to go over the highlights of the report;
12. In addition to issues raised by the Auditor, the Committee occasionally decides to investigate other matters;
13. The Committee strives for some consensus in their reports;
14. The Committee issues formal substantive reports to parliament at least annually;
15. The Committee has established a procedure with the government for following up its recommendations and is informed about what, if any, action has been taken;
16. In all its deliberations, the Committee uses the Auditor as an expert advisor;
17. Parliaments hold an annual debate on the work of the Committee.

Source: Stapenhurst et al (2005).

This chapter uses the results of a survey that was conducted by the World Bank Institute at the Southern African Development Community Organization of Public Accounts Committees (SADCOPAC) meeting held in Kampala, Uganda in May 2013. The purpose of the survey was to gain information regarding how SADCOPAC member PACs compare with (i) the 17 attributes proposed by Stapenhurst *et al.* (2005) for an ideal PAC (see Box 1), and (ii) with the benchmarks proposed by Stapenhurst *et al.* (2005) to examine PAC performance.

The chapter proceeds as follows. First, organizational features of SADC PACs are examined by committee size and membership, leadership of the committees and resources. Then, institutional features are considered, including mandate, rights of access and accounts and operations, including meetings, public access, witnesses, consensus-seeking, and report writing. The third section reviews the relationship between the PAC and the

Auditor General, and the fourth looks at PAC recommendations and follow-up. The final section makes comparative observations regarding how SADC PACs compare globally².

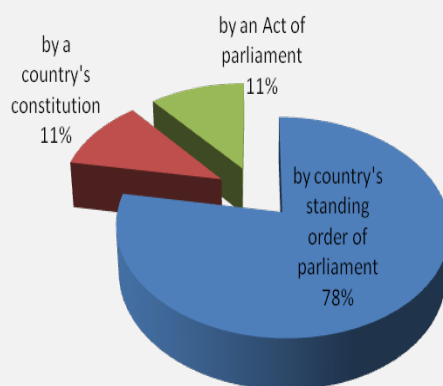
Organizational Features

The first PAC in Southern Africa was established in Zambia in 1951 (Pelizzo, undated). Over the subsequent four decades and a half, eight additional PACs were established, in Lesotho, Malawi, Swaziland, and Tanzania (in the 1960)s, Botswana, Namibia, and South Africa (in the early 1990s), and Mozambique, in 1995 (source, Ibid.). The results of the survey show that although some significant differences exist in the way PACs were established and how they operate across Southern Africa (See Box 7.2), their primary focus remains the nonpartisan audit of public expenditure, regardless of when they were established. (Mozambique is a special case, and the Annex to this Chapter presents a brief review of its PAC-equivalent, the Planning and Budgeting Commission of the Assembly).

Box 7.2 Establishment of PACs

PACs are established in the SADC region by three common approaches: a country's constitution, a standing order of parliament, or an act of parliament. In the case of SADCOPAC member states, survey results suggest that standard practice in the majority of these countries (78 percent) is to establish a PAC through standing orders of parliaments. Out of the nine surveyed countries, only two countries (22 percent) reported that their PACs are established by the country's constitution and by an act of parliament. In two of the nine countries, PACs are established by both the countries' constitution and by standing orders of parliaments.

Figure B7.2.1 Three Ways to Establish a PAC



As Pelizzo (undated) notes: “the literature on PACs has generally underlined that capacity, opportunity, motivation, and organizational and institutional features and practices greatly contribute to the success of

² The field research did not gather information regarding whether there is a steering committee to plan PAC work (attribute 9) or whether Parliaments hold an annual debate on the work of the Committee (attribute 17)

PACs. As a result, this chapter provides a detailed account of all these characteristics of PACs in Southern Africa” (page 1).

Committee Size

Larger PACs may have varied skills and therefore be able to solve a greater variety of problems, however, co-ordination and management of group dynamics may pose a challenge (McGee 2002, as noted in Pelizzo (undated). On the other hand, smaller PACs may be better coordinated and more focused, but at the same time often Members often have limited skills and capacity to deal with large workloads and varied problems. The size of the legislature may also affect the success of PACs.

The typical size of a PAC around the Commonwealth is 11 members, although there is a range of over 20 members in the larger Parliaments in South Asia to six or fewer in smaller jurisdictions such as the Caribbean. A different pattern is observed in the SADC region. The Seychelles, Zambia, and Botswana have the smallest committees comprising seven, nine and ten members, respectively. Swaziland has 12 members and Namibia 14 and Tanzania 18 members. The other PACs—Lesotho and South Africa—have 25 and 26 members respectively, while Zambia has the largest committee consisting of 36 members (Table 7.1).

Table 7.1 Organizational Characteristics

Country	Size of the Legislature, number of MPs	Size of the PAC, number of MPs	Opposition chair	Percentage of PAC members from opposition parties	Number of dedicated staff supporting the committee	Total Number of staff supporting the committee
Botswana	61	10	Yes	40	8	10
Lesotho	120	25	Yes	40	0	1
Malawi	193	36	No	78	5	10
Namibia	78	14	Yes	50	3	3
Seychelles	33	7	Yes	14	2	7
South Africa	400	14	Yes	50	10	-
Swaziland	66	12	*	*	1	5
Tanzania	370	18	Yes	20	2	1
Zambia	158	9	Yes	78	3	4

Note: – = data not available; * = no parties and the respondent could not provide an answer.

Some researchers suggest that the size of a PAC is usually proportionate to the size of the legislature (e.g. KPMG, 2006; Pelizzo (undated). Southern African PACs do not support this view: Seychelles has the smallest legislature (33 members) and the smallest PAC (7 members) while South Africa has the largest legislature (400 members) and the second largest PAC (26 members). However, Zambia has the second smallest PAC (9 members) but the fourth largest legislature (158 members) while Malawi has the third largest legislature (193 members) and the largest PAC (36 members).

Membership

As both Pelizzo (undated) and Pelizzo and Kinyondo (2014) report, there is considerable variation in the ways members of PAC are selected. In Botswana, PAC members are selected by the Committee on Selection, in Zambia by the Standing Orders Committee, in Swaziland and Tanzania by the Speaker, and in Lesotho, Malawi, Namibia, and South Africa, by political parties.

McGee (2002) argues that committee effectiveness is promoted by continuity of membership. The nature of PAC work requires experienced and stable membership. He reported that PACs should be appointed for the full term of Parliament to ensure continuity and follow-through in the work of the committees, preservation of institutional memory, stability and retained expertise for increased PAC effectiveness.

As Table 7.2 shows, the committees' term of office differs from one country to another. The Parliaments of Malawi, Mozambique, Namibia, South Africa and Swaziland appoint their committees for the full term of Parliament, while the Parliaments of Botswana, Lesotho and Zambia appoint PACs for a single Parliamentary session (1 year) and in Tanzania, Parliament appoints PACs for half a term (2-1/2 years). For more information, see Pelizzo (undated) and Pelizzo and Kinyondo (2014).

Table 7.2 Term of Office

	Committee Appointed For:		
Country	Full Term of Parliament	1 Session (1 year)	½ of Parliament's Term
Botswana		Y	
Lesotho		Y	
Malawi	Y		
Namibia	Y		
Seychelles	–		
South Africa	Y		
Swaziland	Y		
Tanzania			Y

Zambia		Y	
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Note: – = data not available; Y = Yes

Opposition

The question of whether a PAC should be chaired by a governing party or an opposition stirs up diverse opinions, particularly in the SADC region. A common tradition in Westminster-style parliaments is to give the chair position to a senior member of the opposition (McGee, 2002). Appointing the opposition to the leadership position of a PAC is considered as an enabler of interparty co-operation, bi-partisan oversight, impartiality and transparency in the PAC's work (McGee, 2002; Stapenhurst et al., 2005).

All Southern African PACs indicated that senior opposition figures are associated with the work of their committees. Seven PACs (Lesotho, Malawi, Namibia, Seychelles, South Africa, Tanzania and Zambia) reported to have chairpersons from the opposition and Botswana has a ruling party chairperson³; Swaziland has a non-political party legislature and therefore this question was not applicable to its PAC. Thus, with some 78 percent of its PAC chairs from the opposition, Southern African PACs compare favorably with the globally average of only 70 percent (Stapenhurst, Pelizzo, and Jacobs 2014).

Where committees are chaired by opposition members, there is generally no legislative or constitutional requirement for this practice. In most cases it is tradition. In others, it is prescribed by the Rules and Standing Orders of Parliament. Respondents also reported that this practice/tradition is considered by governing parties as promoting transparency, ensuring effective critical oversight of the executive, political impartiality in the work of the PAC and fair participation of the opposition in the government and executive oversight.

Proportional representation of all major political parties in parliament (and in the PAC) is considered as one of the critical factors in ensuring that parliaments engage in meaningful oversight of the budgetary and expenditure activities of the executive. Members from the ruling parties in seven (Botswana, Lesotho, Malawi, Seychelles, South Africa and Tanzania) of the nine political legislatures occupy between 60 and 84% of PAC membership. In the Zambia's PAC, the opposition holds the majority of the PAC's seats, while in Namibia the distribution of seats is equally (50:50) shared between the ruling party and the opposition.

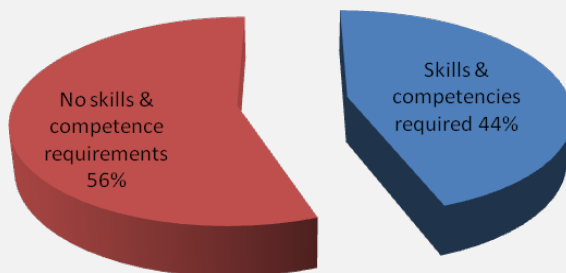
Four of the nine PACs had minimum skills and requirements for Chairing the PAC including good interpersonal and communication skills, leadership, analytical, and managerial skills as well as knowledge of PAC rules and orders and terms of reference, relevant regulations (such as the finance act), and knowledge of public sector procurement processes. See Box 7.3. Some PAC chairs commented that practice has proven that relevant minimum skills and competence requirements are necessary. In certain cases, lack of relevant skills and competencies has been identified as a contributing factor to poor performance of chairs and therefore of the PACs.

³ Botswana PAC reported that chairpersons are mainly appointed on the basis of their experience and seniority and not their political affiliation. In the last Parliament, Botswana's PAC was chaired by the opposition member.

Box 7.3 Skills and Competence Requirements in Appointing PAC Chairs

Ngozwana (2009) inquired about any skills and competence requirements for one to be appointed chair of a PAC. Four countries (44 percent) stated that minimum skills and competence requirements were set, five (56 percent) reported that none were set.

Figure B7.3.1 PAC Chair Requirements



Reflecting Pelizzo (undated), Pelizzo and Kinyondo (2014) also point out that there is considerable variation in how the PAC chairs are chosen: in Lesotho, Malawi, Swaziland, Tanzania, and Zambia, the chair is chosen by the PAC members; elsewhere, a variety of procedures are used: in Botswana, the chair is appointed by the Committee on Selection, in South Africa, the chair is appointed by the Speaker and in Namibia, he/she is chosen by the National Assembly.

Staff Resources

A PAC needs a team of dedicated, skilled and competent support staff to be able to effectively execute its oversight function and exercise its powers. McGee (2002)⁴ identified 'capacity building' as one of the three priority areas in enhancing the effectiveness of PACs. He argued that PACs need to be provided with adequate staff, resources, training and have access to information to enable them to execute their oversight role diligently.

One of the greatest constraints on PAC effectiveness is a practical lack of expert or administrative staff (Hedger and Blick, 2008). The number of support staff required by a PAC, will depend to a large extent on the scope of its mandate and its workload, however, a dedicated competent clerk and researcher are considered as a minimum resource requirement for a PAC. The budget available to a PAC is also a major determinant of the number of resources that a PAC can access.

Table 7.1 indicates that there is considerable variation in the number of staff supporting the PAC. Pelizzo (undated) and Pelizzo and Kinyondo (2014) distinguish between 'dedicated' staff, who only support the PAC, and 'other' staff, who support the staff but also have other responsibilities. The number of the dedicated staff

⁴ McGee (2002), quoted in Staphenurst R et al (2005), Scrutinizing Public Expenditure: Assessing the Performance of Public Accounts Committees; World Bank Policy Research Working Paper 3613

varies from a low of none in Lesotho to a high of 10 in South Africa, with an average of nearly 4.0, somewhat larger than the Commonwealth average of 3.5 staff members.

Clerks or secretaries are responsible for providing administrative and logistical support to their committees throughout the region. In some countries, committee Clerks are also responsible for drafting committee reports. Namibia's PAC Clerks, for example, perform the following additional research-related tasks:

- Advising the committee on parliamentary procedure and practices;
- Collecting background information on specific topics;
- Reviewing and summarizing documents;
- Preparing witness questions;
- Writing and distributing media statements;
- Writing motivation statements for the chairperson or committee members for reporting back to the House;
- Preparing speeches on behalf of the committee for chairperson or members for conferences, seminars and workshops.

South Africa and Malawi have committee researchers. In South Africa, committee researchers look into trends and information on various issues, providing strategic and content advice to the chairperson, writing briefs and acting as the intellectual hub of the committee on any content matters related to the work of the committee. In addition to administrative and research resources, South Africa's PAC also employs a legal advisor who examines legal issues pertaining to the interpretation of House Rules, as they relate to the committee and its work to the committee.

Looking at these organizational and structural characteristics of PACs, it might seem that their differences across countries can explain variations the performance of PACs. If this were true, as is often believed, then, according to Pelizzo and Kinyondo (2014) PACs in Southern African would seem likely to outperform the PACs elsewhere in the world. But this is not necessarily the case.

Institutional Features

As the authors of other chapters in this book, and others (e.g. Pelizzo and Kinyondo, 2014) point out, the institutional features given to the PAC can be divided into four component parts: (i) mandate (including the right to undertake their own investigations), (ii) right of access, (iii) accounts and operations (including whether there is a steering committee, and (iv) activities (including meetings, hearings, witnesses, seeking consensus and the issuance of reports).

Mandate

In most countries, what differentiates a PAC from other parliamentary committees is that its mandate is often limited to ex-post scrutiny—investigating whether or not government expenditure *complied* with the

legislature's intentions and expected standards, and also whether or not value for money was obtained (Cviki, M.M., (2008). All SADCOPAC member PACs mandates (with the exception of Mozambique⁵) are limited to ex-post scrutiny.

Given this focus on ex-post scrutiny, Southern African PACs have the following in common:

- Scrutiny of public sector financial administration (examination of accounts and statements showing appropriation of money allocated by parliament for public expenditure; accounts of statutory bodies, state-owned enterprises and parastatals);
- Examination of the audit reports of the Auditors General; and
- Development of recommendation about government financial administration and policy

It is important to note that while survey respondents reported that there is clarity on their committees' roles and responsibilities, there are distinct differences in the scope of their mandates and in the specificity and detail with which these mandates are stated. For example, Tanzania's PAC mandate is stated in a very brief manner and specifies examination of Audit Reports as the key responsibility of the PAC. By contrast, the roles and responsibilities of Malawi's PAC are stated in a fairly comprehensive and specific manner; one of the interesting aspects is the requirement to promote accountability of ministers. Similarly interesting, the mandate of Namibia's PAC specifies reporting on the implementation of the recommendations.

Own Investigations

In 2005, Stapenhurst *et al*, noted that PAC chairpersons reported that they are most effective if they can initiate enquiries on their own as necessary, without having to wait for a specific reference from the government. Loney (2004) argues that it is vital that legislation grants a PAC the power to raise its own references and to hold public hearings. He further states that the PAC's ability to initiate its own enquiries without the restriction of having to gain a reference, either from the Executive or the Parliament, is crucial if the PAC is to avoid both the perception and the reality of outside intervention in its oversight role. The committee should be able to retain an undiminished power to pursue the enquiries that it believes should be help.

Table 7.3 demonstrates that, with the exception of Seychelles, which did not respond, all Southern African PACs reported having the power to initiate their own enquiries and to choose their own subjects of investigation without any influence from the legislature or the executive. They also noted that most of their investigations follow from the reports of the Auditors Generals. Sources of PACs own initiated enquiries were reported to include media and newspaper reports, the public, published government reports and civil society organizations. However, some PACs indicated that due to internal capacity and expertise limitations, they are not able to initiate their own enquiries.

⁵ Mozambique's committee has a broad mandate which includes the examination of all government planning and budget processes, development and review of financial, monetary, fiscal and customs policies, overseeing banking, lending and insurance activities, reviewing the report and opinions issued by the Administrative Courts on the General State Account and co-ordinating all other parliamentary committees. See Annex to this Chapter.

Table 7.3 Own Investigations

Country	Committee can undertake its own investigations	Sources of own enquiries:			
		Media Reports	Public	Published Government Reports	Civil Society Organizations
Botswana	Y				
Lesotho	Y		Y		
Malawi	Y				
Namibia	Y	Y			
Seychelles	–	–	–	–	–
South Africa	Y	Y	Y	Y	
Swaziland	Y				
Tanzania	Y				
Zambia	Y		Y	Y	Y

Note: Y = Yes. – = data not available

Right of Access

The right of access relates to the organizations whose accounts and financial management practices can be examined by the PAC (Pelizzo, undated). Table 7.4 shows that all PACs unconditional powers to scrutinize government agencies within the finance ministry portfolio (Pelizzo and Kinyondo, 2014).

Table 7.4 further indicates that eight of the nine PACs (the exception being Tanzania) have unconditional powers to examine the accounts of agencies outside the finance portfolio. Seven PACs have unconditional powers to scrutinize the accounts of statutory authorities; there are restrictions on these powers in Swaziland and the Botswanan PAC does not have this right. All nine PACs have the unconditional power to examine the accounts of state-owned corporations and of parliament itself, while Botswana, Lesotho, Malawi, Seychelles, South Africa, Swaziland, and Zambia have the right to check individual MP expenses, and Lesotho, Malawi, Namibia, Seychelles South Africa, and Zambia can oversee local government expenditures⁶. Right of access is considerably more limited in the case of checking the accounts of government service providers, with only the PACs in Lesotho, Seychelles, South Africa, Swaziland, and Zambia having this power, and of nongovernmental organization (NGO) accounts, with only the South African PAC having this power, although the Swazi PAC has this power with some restrictions (Pelizzo, undated).

⁶ The Swazi PAC does not have this right; and the Tanzanian PAC did not provide information.

Table 7.4 Right of Access, Right to Examine the Accounts of Selected Organizations

Country	Agencies in the finance portfolio	Agencies outside the finance portfolio	Statutory authorities	State-owned corporations	Local government	Parliament	MP Expenses	Government service providers	NGOs funded by government
Botswana	Y	Y	N	Y	N	Y	Y	N	N
Lesotho	Y	Y	Y	Y	Y	Y	Y	Y	N
Malawi	Y	Y	Y	Y	Y	Y	Y	N	N
Namibia	Y	Y	Y	Y	Y	Y	–	N	N
Seychelles	Y	Y	Y	Y	Y	Y	Y	Y	N
South Africa	Y	Y	Y	Y	Y	Y	Y	Y	Y
Swaziland	Y	Y	Yr	Y	N	Y	Y	Y	Yr
Tanzania	Y	N	Y	Y	–	Y	–	N	N
Zambia	Y	Y	Y	Y	Y	Y	Y	Y	N

Note: – = data not provided; N = no; Y = yes; Yr = yes with restrictions.

Looking at Table 7.4 from a country perspective, it is clear that some PACs have more powers than others. South Africa, for example, has unconditional rights of access across the board. Lesotho, Seychelles and Zambia each lack only one right; Malawi lacks two; Swaziland lacks one and has two rights with restrictions; Namibia lacks two and did not provide information regarding the examination of MP's expenses; Botswana lacks four; and Tanzania lacks three and provided no information on two.

Accounts and Operations

Table 7.5 illustrates survey responses accounts and operations. It shows that all Southern African PACs have unconditional powers to examine accounts and financial affairs and to assess the effectiveness of government policy implementation (delivery of outcomes). All but the Lesotho PAC have unrestricted powers to examine the efficiency and economy of policy implementation (value for money) while all PACs except Zambia have the power to conduct self-initiated inquiries, although the Tanzanian PAC enjoys this power only with restrictions. Botswana, Malawi, and Swaziland do not have the power to scrutinize the efficiency and effectiveness of government policy only the South African PAC has a mandate to perform ex-ante oversight and consider budget estimates (Pelizzo (undated, page 4) and Pelizzo and Kinyondo, 2014).

Table 7.5 Accounts and Operations

Country	Examination of accounts and financial affairs	Consideration of budget estimates	Efficiency, economy, and effectiveness of government policy	Efficiency and economy of policy implementation (value for money)	Effectiveness of policy implementation (delivery of outcomes)	Undertaking of self-initiated inquiries
Botswana	Y	N	N	Y	Y	Y
Lesotho	Y	N	Y	N	Y	Y
Malawi	Y	N	N	Y	Y	Y
Namibia	Y	N	Y	Y	Y	Y
Seychelles	Y	N	N	Y	N	Y
South Africa	Y	Y	Y	Y	Y	Y
Swaziland	Y	N	N	Y	Y	Y
Tanzania	Y	N	Y	Y	Y	Yr
Zambia	Y	N	Y	Y	Y	N

Note: N = no; Y = yes; Yr = yes with restrictions.

Looked at from a different perspective, the data in Table 7.5 clearly shows that some mandates are more common than others. All PACs have the power to examine accounts while only South Africa has the power to review budget estimates (Pelizzo, undated, page 4).

Steering Committee

Most PACs have powers to establish sub-committees, which are appointed for specific purposes on a permanent or *ad hoc* basis and are particularly useful instruments for managing workload by dealing with more specialized and procedural subject matter. They often examine the details of particular problems, enabling the PAC to concentrate on strategic oversight of the use of public funds (Hedger and Blick, 2008).

Other PACs (e.g. South Africa), appoint working groups instead of sub-committees; typically a PAC can refer a number of issues to a working group, including detailed scrutiny of specific audit reports or parts of audit reports. The South African PAC has two such groups, one to examine audit reports and the other to draft preliminary recommendations. Sub-committees and working groups have to report back to the PACs on tasks allocated to them, with the final decision making with the PACs.

All surveyed PACs, excluding South Africa and Tanzania, reported that they do not have sub-committees or steering committees. Seychelles and Tanzania did not provide details on their sub-committees.

All PACs stated that work and agendas for committee meetings are prepared by the secretariat, PAC clerks or chairpersons, in consultation with other members. See Table 7.6.

Table 7.6 Steering Committee

Country	PAC has a Steering Committee	Steering Committee plans PAC work & Prepares Agenda	Committee Work Prepared by:		
			Secretariat	Clerk	Chairs & Members
Botswana	N	N	Y		
Lesotho	N	N		Y	
Malawi	N	N		Y	
Namibia	N	N		Y	
Seychelles	–	–	–	–	–
South Africa	Y	N			Y
Swaziland	N	N		Y	
Tanzania	Y	N	–	–	–
Zambia	N	N		Y	

Note: – = data not available; N = no; Y = yes

Activities: Meetings and Hearings

PAC meetings provide a platform for members to plan the committee's work, scrutinise audit reports and undertake any other tasks that are under the committee's consideration or investigation. The frequency with which a PAC holds its meetings can contribute to its effectiveness in undertaking its responsibilities, provided that these meetings are also conducted effectively. McGee (2002) argues that committees that meet frequently have a better opportunity of promoting consensual working practices than committees that meet infrequently⁷. It can be assumed that the number of meetings that a PAC holds, among other things, depends on its workload (e.g. the number of audit reports referred to the committee as well as the committee's own investigations and those emanating from other sources of inquiry).

As Table 7.7 illustrates, the PACs in Lesotho, Namibia, South Africa, Tanzania and Zambia hold frequent and regular meetings - between 20 and 45 meetings per year (Seychelles and Tanzania did not provide information). Botswana, Malawi and Swaziland do not hold frequent and regular meetings (only between two and four per year), although respondents noted that this number of meetings were adequate for their workload.

⁷ McGee quoted in Stapenhurst et al (2005)

Table 7.7 Meetings and Hearings

Country	Committee Meets Frequently & Regularly	Number of Meetings per Year	Committee has Power to Meet Outside Legislature's Sessions	Hearings are Open to the Public	Full Verbatim transcript & Summary Quickly Available to the Public	Hearings Recorded by Hansard	Hansard Available to the Public	Hearings Transcripts Available to the Public	Number of Hearings per Year
Botswana	N	3	Y	N	Y	N	N	N	1
Lesotho	Y	28	Y	N	N	Y	N	N	3
Malawi	N	2	Y	Y	Y, but not quickly	Y	At a cost	N	1
Namibia	Y	Varies	Y	Y	Y	Y	Upon request	Y	10
Seychelles	–	–	–	–	–	–	–	–	–
South Africa	Y	45	Y	Y	Y	N	N	N	60
Swaziland	N	4	Y	Y	Y	Y	Y	Y	1
Tanzania	Y	–	Y	Y	Y	Y	Y	N	35
Zambia	Y	20+	Y	Y	N	N	N	N	30

Note: – = data not provided; N = no; Y = yes

All PACs have the authority to meet outside the regular parliamentary session. Generally, committee meetings are scheduled in line with the legislatures' and Auditors General's programs of tabling audit reports in Parliament. Furthermore, some PACs highlighted that their chairpersons, in consultation with other committee members, can call additional meetings as necessary.

A public hearing is a prime mechanism through which a PAC calls witnesses before the committee to answer question by members on vital issues raised in audit reports. Public hearings are an important mechanism for public accountability and transparent oversight, for verifying audit reports and increasing their objectivity and legitimacy.

All Southern African PACs, except for Botswana and Lesotho, reported that their hearings are open to the public and the media; Botswana, closed hearings are stipulated in the Standing Orders. All PACs stated that full *verbatim* transcripts and summary of minutes are available for public distribution following hearings, although in the case of Malawi this is not done immediately. The PAC in Seychelles did not provide information on either of these issues.

Of the five PACs whose hearings are recorded by Hansard, Lesotho reported that in South Africa such recordings are not made public, and in Malawi it is available at a cost. Hearings are not recorded by Hansard in Botswana, South Africa and Zambia. *Verbatim* transcripts of hearings are published via the internet, in Namibia and Swaziland.

The number of public hearings conducted by PACs ranges from only one a year (Botswana, Malawi, and Swaziland) to 60 a year.

Witnesses

Instead of ministers, primary witnesses called before the PAC to give evidence are often civil servants, in accordance with the 'accounting officer' principle (Hedger and Blick, 2008).

As Table 7.8 shows, there are major differences across the PACs regarding the frequency that particular individuals or entities are called as witnesses. Ministers are rarely summoned, for example, except in South Africa, where they are normally summoned and in Swaziland, where they are not. All PACs indicated that typical witnesses are senior public servants - accompanied by officials with detailed understanding of the issues under examination by the PAC- and, in Malawi, South Africa and Swaziland, the Auditor General as well. All PACs, except Swaziland, can summon senior officials from Government Boards and Statutory Authorities. Botswana, South Africa, Swaziland and Tanzania also normally call interest groups, academics, NGOs and government-service providers. Restrictions are greatest in Zambia, where the PAC rarely calls witnesses from these groups and the Seychelles which does not summon interest groups at all, and only rarely summons academics, NGOs or government-service providers. For more details, see Pelizzo (undated) and Pelizzo and Kinyondo (2014).

Table 7.8 Access to Witnesses

Country	The PAC can call as a witness:									Accompanied by other officials with detailed knowledge
	Minister	Accounting Officer	Auditor General	Statutory Authorities	Gov't Boards	Interest Groups	Academics	NGOs	Gov't Service Providers	
Botswana	Yr	Y	N	Y	Y	Y	Y	Y	Y	Y
Lesotho	Yr	Y	N	Y	Y	Yr	N	N	Yr	Y
Malawi	Yr	Y	Y	Y	Y	N	Y	Y	Yr	Y
Namibia	Yr	Y	N	Y	Y	N	Y	Y	Y	Y
Seychelles	Yr	Y	N	Y	Y	N	Yr	Yr	Yr	Y
South Africa	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Swaziland	N	Y	Y	N	Y	Y	Y	Y	Y	Y
Tanzania	Yr	Y	N	Y	Y	Y	Y	Y	Y	Y
Zambia	Yr	Y	N	Y	Y	Yr	Yr	Yr	Yr	Y

Note: N = no; Y = yes, normally summoned; Yr = yes, but rarely summoned

The logic for calling accounting officers instead of ministers is that a minister is the political head of a department, whereas a Permanent Secretary (PS) is the administrative head of a department. The minister gives policy direction, while the PS is responsible for routine administrative and financial matters within these parameters. The PS therefore signs the accounts of the entity in their function as accounting officers. The work

of PACs traditionally focuses on interrogating the accounting officers, as the task is not to scrutinize the political direction (Wehner, 2003).

Seeking Consensus

Committee membership should strive for consensus to strengthen the impact of the report to improve committee effectiveness and increase the chances of PAC recommendations to be taken seriously and acted upon by Government. Cross-party support is likely to strengthen a report, the overall success of the PAC (Wehner, 2003). When unanimity cannot be reached, some committees include minority opinions in the final PAC report.

All PACs, except Lesotho, reported that their committees strive for consensus in their reports. Asked whether there is a requirement for committee report to have unanimous support from all committee members, Malawi, Namibia, Swaziland, Tanzania and Zambia responded that they have this requirement while Botswana, Lesotho, Mozambique and South Africa do not. Swaziland and Zambia do not include minority views in their PAC reports while all other PACs do. There is no information on Seychelles or Tanzania.

Table 7.9 shows that for all Southern African PACs, committee reports are debated before being finalized and tabled in parliament. In most cases, these debates lead to some kind of consensus or objective compromise.

Table 7.9 Consensus

Country	PAC strives for consensus	Reports Must Have Unanimous Support from all Members	Minority Views Included in Final Report	Reports Debated in PAC
Botswana	Y	N	Y	Y
Lesotho	N	N	Y	Y
Malawi	Y	Y	Y	Y
Namibia	Y	Y	Y	Y
Seychelles	?	?	?	?
South Africa	Y	N	Y	Y
Swaziland	Y	Y	N	Y
Tanzania	Y	Y	?	Y
Zambia	Y	Y	N	Y

Note: N = no; Y = yes

Reports

All PACs produce formal reports to their Parliaments —South Africa quarterly; Malawi biannually; remaining PACs, annually. See Table 7.10.

Table 7.10 Reports

Country	PAC issues substantive report to Parliament at least annually	PAC reports Accessible to the Public	Reports Produced:				PAC Reports Compiled by:				
			Annually	Semi-Annually	Quarterly	Average # of reports/ annually	Secretariat	Chair	Chair with Members	Clerk(s)	Auditor General
Botswana	Y	Y	Y			1	Y				
Lesotho	Y	Y	Y			3			Y		
Malawi	Y	Y				2				Y	
Namibia	Y	Y	Y			5	Y		Y		
Seychelles	–	–	–	–	–	–	–		Y	Y	
South Africa	Y	Y	Y		Y	20			Y		
Swaziland	Y	Y	Y			1			Y		Y
Tanzania	Y	Y	Y			1	Y	Y			
Zambia	Y	N	N			2			Y		

Note: – = data not provided; Y = yes

In the majority of PACs, it is the chairperson's responsibility to draft the Committee Report with administrative staff support. In Malawi, the PAC reports are drafted by the Clerks and in Swaziland, the Auditor General can also assist in drafting PAC Reports.

Substantive/comprehensive committee reports issued to parliament cover the following subjects:

- Summary statement of the mandate of the PAC and standard procedures and guidelines;
- Description of the work completed in a given period, e.g. number of audit reports reviewed, issues investigated, enquiries undertaken, etc;
- Summary of evidence received from witnesses; (some PACs produce verbatim transcripts of the hearings as a detailed record follow up in the following year);
- Key findings of the PAC investigations: the key problems identified, the PAC's opinions on the problems and the conclusions reached;
- Summary of the PAC's recommendations on corrective measures to be undertaken by the government in addressing the problems identified; and
- An account of follow-up activities on matters dealt with previously, recommendations made by the Committee and action taken by government on these matters.

Relationship with the Auditor General

The PAC and the Auditor General office can complement one another in parliamentary public finance monitoring. Parliament's budget oversight is most effective when it can rely on information from the Auditor General. In turn, the Auditor General is most effective in improving budgetary oversight when it can rely on Parliament (via the PAC) to promote its recommendations with the Executive. The interdependence of these two institutions requires a good working relationship between them.

Pelizzo (undated) and Pelizzo and Kinyondo (2014) noted that all SADCOPAC committees reported to have cooperative relations with the Auditors General. As they, and Table 7.11 illustrates, all the PACs have the right to examine the Auditor General's compliance reports, to refer matters to the Auditor General, and to examine the Auditor General's performance report, but they are only rarely involved in the Auditor General's operations.

Table 7.11 Relationship with the Auditor General

Country	Selection & removal of AG	Good working relationship PAC-AG	AG budget & resources	Audit office fees	Determination of priorities	Development of AG annual plan	Assessment of AG performance	Confer or exempt AG from legislated obligations	Approval or removal of independent auditor of the audit office	PAC uses the AG as an expert advisor
Botswana	N	Y	N	N	N	N	Yr	N	N	Y
Lesotho	N	Y	Approves	N	N	N	N	N	N	N
Malawi	N	Y	N	N	N	N	Y	N	Y	Not in all cases
Namibia	N	Y	N	N	N	N	N	N	N	Not in all cases
Seychelles	N	-	Consulted	N	Consulted	Consulted	N	N	N	-
South Africa	N	Y	N	N	N	N	N	N	N	Y
Swaziland	-	Y	-	-	-	-	-	-	-	Not in all cases
Tanzania	N	Y	Approves	N	N	N	N	N	Y	Y
Zambia	N	Y	N	N	Informally consulted	N	N	N	N	Y

Note: - = data not provided; N = no; Y = yes. On the Auditor General's budget, respondents were asked whether the PAC was consulted, made recommendations on, or approved the budget. Regarding audit office fees, assessment of the AG's performance, conferring or exempting the AG from obligations, and approval /removal of an AG respondents were asked whether they had unconditional rights, restricted rights or no rights. On the determination of priorities, respondents were asked whether the PAC is consulted, had to approve them, or has the power to set them. On the development of the AG plan, respondents were asked whether the PAC is consulted or has the power to approve. Regarding the working relationship between the PAC and the AG, respondents were asked if this was good. And respondents were asked to whether the PAC used the AG as an expert advisor.

The PACs of Botswana, South Africa, Tanzania and Zambia use the Auditor General as an expert advisor in all their deliberations, while Lesotho and Mozambique do not, and Malawi, Namibia and Swaziland do but not in all cases.

Pelizzo (undated), Pelizzo and Kinyondo (2014) and Table 7.11 show that none of the PACs are involved in the selection or removal of the Auditor General, in approving or reviewing audit fees, in in developing the Auditor

General's annual plan and none can confer or exempt the Auditor General from legislated obligations. Lesotho and Tanzania's PACs approve the budget of the audit office while in Seychelles the PAC is consulted on this issue. The PAC in Seychelles and Zambia are consulted in the identification of the Auditor General's priorities, but in the case of the latter, only informally. Botswana and Malawi, respectively, have the conditional and unconditional right to assess the AG's performance.

Parliamentary Review and Follow-Up

Annual Debate in Parliament

Most PACs, except Swaziland reported that Parliaments hold annual debates on their work, and in all countries except Swaziland and Zambia, PAC reports are debated in Parliament (Seychelles did not provide information); see Table 7.12.

Table 7.12 Parliament's Debate of the PAC's Work

Country	Parliament holds an annual debate on the work of the PAC	PAC reports tabled in parliament before being made available to Ministers	PAC reports debated in Parliament
Botswana	Y	Y	Y
Lesotho	Y	Y	Y
Malawi	Y	Y	Y
Namibia	Y	Y	Y
Seychelles	–	–	–
South Africa	Y	Y	Y
Swaziland	N	Y	N
Tanzania	–	Y	Y
Zambia	Y	Y	N

Note: – = data not available; N = no; Y = yes

Follow-up mechanisms to ensure government acceptance of PAC recommendations are an important determinant of a PAC's effectiveness. A PAC's ability to hold governments to account for public spending depend largely on its ability to follow up on whether the government responds to, and implements, its recommendations (Stapenhurst, Pelizzo, and Jacobs 2014).

Regarding whether a formal response to the PAC recommendations was needed, seven of the eight

responding PACs (Swaziland is the exception and Seychelles did not provide information⁸) indicated that such a response was required. Pelizzo and Kinyondo (2014, p. 96) note that “In all countries where the executive is formally required to respond, the PAC set a time frame for the responses. Even in this respect there was considerable variation in expected response times: the government must respond within 30 days in Lesotho, 60 days in Zambia, 90 days in Malawi, and 180 days in Tanzania” As is the case in many countries, PAC recommendations are often ignored by the executive, thereby substantially weakening the chain of accountability.

Results and Conclusions

Results

The results of the requirements for an ideal committee are summarized in Tables 7.13 and 7.14 below. South Africa scores the highest and therefore is most compliant with the attributes of an ideal PAC.

Table 7.13 Scoring the PACs against the 17 attributes of an ideal PAC

Rank	PAC	Score	Score (%)
1	South Africa	15.5	91%
2	Malawi	13.5	79%
3	Namibia	13.3	78%
	Zambia	13.3	78%
4	Tanzania	11.8	69%
5	Botswana	10.3	61%
6	Swaziland	9.8	58%
	Lesotho	9.8	58%

NB: Seychelles is not included, given that only partial data is available

Botswana, Swaziland and Lesotho score below the average as they comply with the least number of attributes (10.3, 9.8 and 9.8 respectively).

Table 7.13 ranks the attributes of an ideal PAC according to the most and the least fulfilled attributes as summarized below:

⁸ Pelizzo and Kinyondo (2014, p. 96) report that “MPs from Seychelles explained that the reason why the executive is not formally required to respond to PAC recommendations is that PAC recommendation[s] are not binding. Hence, there is no reason why an executive should respond to recommendations that it could ignore.”

- All PACs fully comply with 3 attributes (6, 12 & 14) and fulfill parts of 6 attributes (1b, 5b, 10a, 11a & 15b). These attributes are ranked as 1.
- Attribute 13 is ranked 2 and is fulfilled by 8 PACs excluding Lesotho
- Rank 3: Attributes 17, 8 and part of 11 (11b), fulfilled by 7 PACs (different PACs for each attribute)
- Rank 4: Attributes 2, 3, 7 and part of 15 (15a), met by a total of 6 PACs (different PACs for each attribute)
- In rank 5 is attribute 4 which is met by 5 PACs (Malawi, Mozambique, Namibia, South Africa and Swaziland)
- Attribute 16 is ranked 6 and is fulfilled by 4 PACs (Botswana, South Africa, Tanzania and Zambia
- Rank 7: Parts of requirements 1 and 5 (1a, 5b & 5c) met by 2 different countries for each requirement.
- All PACs do not comply with attribute 9.

Table 7.14 Ranking the 17 attributes of an ideal PAC

Rank	Attributes of an Ideal PAC		Committees	Score
1	1b	No ministers are members	All PACs	8
	5b	The committee has an experienced clerk	All PACs	8
	6	There is clarity on the Committee's role and responsibilities;	All PACs	8
	10a	The typical witness is a senior public servant (the "accounting officer")	All PACs	8
	10b	accompanied by the officials that have detailed understanding of the issues under examination;	All PACs	8
	11a	The Auditor's Report is automatically referred to the Committee	All PACs	8
	12	the Committee occasionally decides to investigate other matters;	All PACs	8
	14	The Committee issues formal substantive reports to parliament at least annually	All PACs	8
	15b	The committee is informed about what, if any, action has been taken;	All PACs	8
2	13	The Committee strives for some consensus in their reports;	Not Lesotho	7
	11b	the Auditor meets with the Committee to go over the highlights of the report;	Not Lesotho	7
	7	The Committee meets frequently and regularly;	Not Lesotho	7
3	8a	Hearings are open to the public	Not Botswana or Lesotho	6
	8b	a full verbatim transcript and summary minutes are quickly available for public distribution;	Not Lesotho or Zambia	6
	17	Parliaments hold an annual debate on the work of the Committee	Not Lesotho, Swaziland or Tanzania	5
4	2a	Senior opposition figures are associated with the PAC's work	Not Botswana, Swaziland or Zambia	5
	2b	Senior opposition figures chair the Committee	Not Botswana or Swaziland	5

Rank	Attributes of an Ideal PAC		Committees	Score
	3	The Chair is a senior parliamentarian, fair minded and respected by parliament;	Not Botswana, Swaziland or Tanzania	5
	15a	The Committee has established a procedure with the government for following up its recommendations	Not Botswana or Lesoto or Botswana	5
5	4	The Committee is appointed for the full term of the parliament	Not Botswana, Lesotho, Tanzania or Zambia	4
6	16	In all its deliberations, the Committee uses the Auditor as an expert advisor;	Not Lesotho, Malawi, Namibia or Swaziland	4
7	1a	The committee has 5 – 11 members	Not Lesotho, Malawi, Namibia, South Africa, Swaziland or Tanzania	2
	5a	The Committee is adequately resourced,	Not Botswana, Lesotho, Namibia, Swaziland or Tanzania or Zambia	2
	5c	The committee has a competent researcher(s);	Not Botswana, Lesotho, Namibia, Swaziland, Tanzania or Zambia	2
8	9	A steering committee plans the Committee's work in advance & prepares an agenda for each for each meeting to the full committee	–	0

Conclusions

The evidence presented in this chapter echoes the claim made by Pelizzo and Kinyondo (2014) that although regional trends can be identified—and, taken as a whole, Southern African PACs compare favorably with their counterparts elsewhere—considerable variation exists *within* the region.

Pelizzo (undated) and Pelizzo and Kinyondo (2014) Southern African PACs have somewhat weaker rights of access and powers to examine accounts and operations than elsewhere, but more powers in their relationship with the Auditor General. They also have a higher proportion of opposition members and are more likely to be chaired by an opposition MP. Southern African PACs are larger and better staffed than PACs in the rest of the world. Southern African PACs greatly outperform PACs globally in number of meetings and hearings conducted and reports produced.

At the same time, there is considerable variation among the PACs, with some being weaker than others. Pelizzo (undated) and Pelizzo and Kinyondo (2014) suggest, and the data presented in this Chapter echoes, that Lesotho, Swaziland, and Tanzania need more staff, that Tanzania needs to allow greater involvement of the Opposition parties in the PAC, that Botswana, Namibia, and Tanzania need a broader mandate and Botswana and Malawi PACs could benefit from being more active (Draman, forthcoming).

These findings, contained in Pelizzo (undated) and Pelizzo and Kinyondo (2014), reinforce the claims that a one-size-fits-all approach to the development of enhanced PAC capacity is likely to be counterproductive. Like broader parliamentary strengthening programs, PAC-support programs need be tailored to individual circumstances and the socio-political conditions of that country.

Annex: Case Study on the Planning and Budget Commission (Mozambique)⁹

The Parliament of Mozambique, known as the Assembly of the Republic (*Assembleia da República*), was established in 1994. It is a unicameral legislature consisting of 250 deputies elected from a party closed list system. The constitution grants the Assembly, the powers, among others, to decide on the major options of the Economic and Social Plan and the State Budget and the respective reports on their implementation; and to approve the State Budget in holding the Executive to account for their use and management of public funds.

The Assembly does not have a Public Accounts Committee but has established a comparable committee called the Planning and Budget Commission (*Comissão do Plano e Orçamento - CPO*) established in 1995 via the Rules and Procedures of the Assembly.

The CPO differs from typical PACs in other SADC states in that its terms of reference extend beyond ex-post scrutiny and cover ex-ante budget review and development and review of legislative and policy proposals. Its terms of reference as set out in *Article 72 of Law 17/2007 of 18th July (Rules of the Assembly)* are to:

- a) Review the General state plan and budget;
- b) Scrutinise and provide opinion on all draft financial, monetary, fiscal and customs policies and laws;
- c) Supervise and issue opinions on all matters related to banking, lending and insurance activities;
- d) Review the report and opinion of the Administrative Court on the General State Account;
- e) Develop recommendations on the General State Account based on the report and opinions issued by the Administrative Court;
- f) Hold state organs and public companies accountable.

Terms of Reference and Powers

The CPO differs from typical PACs in other SADC states in that its terms of reference extend beyond ex-post scrutiny and cover ex-ante budget review and the development and review of legislative and policy proposals.

Development and Review of Legislative and Policy Proposals

As with the other Working Commissions of the Assembly, the CPO can propose legislation and is also responsible for reviewing legislative proposals emanating from the Executive. Since its inception in 1995, the CPO has issued several opinions on legislative proposals including:

- Proposals for Finance and Property Law of Local Government;
- The draft law that regulates the National System of Payments;
- A proposal for Tax Incentives for Projects made in the areas of mining and petroleum; and
- A draft law which regulates the process of Administrative Settlement of Credit Institutions and Financial Companies.

⁹ Based on a study Mariam Umarji (see footnote 1)

Ex-ante Budget Review

At the beginning of each legislative term, government is required to develop and present its Five Year Program to the Assembly for approval. The Assembly refers the the Economic and Social Plan (*Plano Económico e Social* – PES) and State Budget (*Orçamento do Estado* – OE) to CPO and the Other Working Commissions for detailed examination and opinion. The Planning and Budget Commission studies the PES and OE proposals in greater detail covering all areas while the other commissions focus on thematically relevant areas. Each commission, beginning with the CPO is given the opportunity to present the results of its deliberations in the Plenary. Following the debate on the PES and OE and the opinions presented by the Commissions, it is the responsibility of the CPO, in coordination with other Commissions, to draw up the resolution which approves the PES and OE.

Ex-post Scrutiny of Budget Implementation

Mozambique follows the Judicial accountability system where the Administrative Court (*Tribunal Administrativo* – TA, broadly equivalent to the Office of the Auditor General in the Westminster system) is responsible for holding government officials accountable for public funds management. In its judicial role, the TA oversees the legality of application of public money and has the power to hold government officials personally liable and to impose penalties where unauthorized or illegal spending has occurred. In this role, the TA performs most of the functions that are performed by a PAC. The TA is required by law to issue a Report and Opinion on the General State Accounts (*Conta Geral do Estado* – CGE) and to submit the Report to the Assembly of the Republic. As an integral part of the Judiciary, the TA operates independently of the Assembly and the Executive.

The role of the Assembly and its CPO in ex-post scrutiny of budget implementation is limited only to the CGE, which provides a highly aggregate picture of budget execution.

The CPO is mandated to review the Report and Opinion of the TA on the CGE; and on the basis of the opinion of the TA, to develop its opinion and recommendations to the government to improve its performance in the management of public resources and its accounting and financial systems.

The consideration of the CGE happens in Plenary. Unlike PACs, the CPO does not hold public hearings. Rather, the government is required to attend and participate in the debate in Plenary and to respond to questions by members and provide clarifications where asked to.

In addition to reviewing and giving opinion on CGE, annually, members of the CPO undertake missions to a sample of provinces, districts and municipalities to review the implementation of the PES and OE as approved by the Assembly.

Powers

The CPO reported to have most of the powers that their PAC counterparts in SADC states have, although not specified in the Rules of the Assembly. These include the following;

- Power to hold government and public enterprises accountable
- Power to question ministers and government officials; and to request documents
- Power to investigate and review all past, current and committed expenditures of government departments and any other organisation or institution funded by government
- Power to initiate own inquiries
- Power to choose subjects of examination without government direction
- Power to meet outside the legislature's session

Size and Membership

The Commission is composed of fifteen members of which twelve are from the ruling party and three are from the opposition. Members are appointed for the legislative term of five years. They are nominated by their parliamentary benches and elected and appointed by the plenary. Appointment of members follows the principle of parliamentary representation. Ministers are prohibited from the membership of the Commission.

Leadership

The Chairperson of the Commission is the member of the ruling party and the Rapporteur is from the opposition. Two explanations were provided for the ruling party chair;

- a) The majority party enjoys the privilege to choose the parliamentary commissions that it wants to chair. The number of Commissions that the majority party can chair is determined based on the number of parliamentary seats that it holds. Following the 2009 elections, the ruling party chairs six of the eight commissions and deputises two which are chaired by the opposition.
- b) The Commission has a dual role of ex-ante and ex-post scrutiny including review of budget estimates and government plan as well as the supervision of activities pertaining to the banking and insurance sectors, taxation and financial area in general

The Chairperson of the Planning and Budget Commission has the same responsibilities as the chairpersons of all other Working Commissions, namely to:

- represent the Commission, convene and chair its proceedings, maintain order and discipline and ensure compliance with deadlines;
- send to the President of the Assembly information and reports of the work of the commission;
- propose to the President of the Assembly disciplinary proceedings against members of the Commission;
- send to the President of the Assembly the list of faults and the evidence presented

Capacity and Resources

The CPO has a broad mandate with limited technical capacity to sufficiently cover all aspects of its mandate and to conduct detailed and rigorous reviews. The Commission can hire external expertise where necessary but does not have sufficient budget to source it so does not have adequate support staff. It has 3 clerks who perform administrative and logistical support functions and does not have technical staff to provide research and related services.

Reporting and follow-up

The Commission produces reports to the Assembly on different subjects, including at least one per year for the CGE. Reports are drafted by the Chairperson with support from other members. Draft reports are debated in the Commission before they are finalized for submission. There is no requirement for consensus and minority opinions are presented in the reports. The Commission's reports are debated in Plenary and adopted as resolutions, signed by the Speaker and published in the Official Government Gazette.

The Commission does not have a formal follow-up mechanism. Government is required to report to the Assembly quarterly on the budget execution and half yearly on the execution of the PES. Despite a constitutional requirement to deliberate on the execution reports of the annual plan and budget, the CPO does not formally review the budget execution.

Relationship with the SAI

Mozambique's Tribunal Administration is an integral part of the Judiciary and therefore functions independently of the Executive and the Assembly. Although the Rules of the Assembly state that the CPO is responsible for accountability, this role is also a part of the TA's mandate, but there is no working relationship between the two entities. The only time these institutions establish contact is when the CPO seeks clarification on the technical content of the TA audit report and its opinion. It is not mandatory for the TA to brief the CPO on the content and key findings of the audit report.

Summary and Conclusion

While most of the practices of the CPO are similar to its PAC counterparts in SADC, significant differences have been highlighted. These are in relation to its dual role of ex-ante and ex-post scrutiny and its relationship with the TA. The Commission does not have enough capacity and internal expertise to effectively and rigorously carry out all aspects of its mandate and it does not have a relationship with the Administrative Court, despite the fact that the two entities share the common responsibility of holding government departments and public enterprises to account.

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Chapter 8

Public Accounts Committees: A South Asian Perspective

Rick Stapenhurst and Brooke Larson¹

Introduction

South Asian parliaments have their genesis in the Westminster system of governance, originating in the 19th century in the United Kingdom (see chapter 2). The first PAC in the region was established in 1921 by British India, pursuant to the Montague Chelmsford Reforms of 1919. Similar committees were set up in India, Pakistan, and Bangladesh, after their respective independence, and subsequently in the emerging democracies of Nepal and Sri Lanka. More recently, PACs have been established in Afghanistan, Bhutan, and the Maldives.

Each of the PACs in the seven South Asian countries considered in this chapter has been constituted under the governments' respective legislation and in certain cases with a constitutional reference.² Their role and workings are generally governed by parliamentary rules of business or standing orders. Despite vast sociopolitical, historical, and cultural differences across the region, PACs generally have similar powers, roles, and responsibilities, and their respective organizational structures are not significantly dissimilar.

The structure of parliament in each country varies as to whether it is bicameral or unicameral. Similarly, the size of the legislature can vary considerably, depending on the population and the evolution in the political system involved. Bhutan, India, and Pakistan are bicameral; Bangladesh, the Maldives, and Sri Lanka are unicameral. The largest parliament in the region is India's and the smallest legislature is Bhutan's. Each country holds periodic elections for its legislature, with exceptional interruptions in the democratic processes noted on occasion in Bangladesh and Pakistan, and more recently in Nepal.

Interruptions in parliamentary proceedings in certain parts of South Asia (mainly Pakistan), where parliament was at times in abeyance for extended periods, led to the setting up of ad hoc PACs in those countries to carry out the functions that would otherwise be carried out by the PAC in a parliamentary environment (see box 8.1).

¹ Based on an earlier (unpublished) report written by Sruti Bandyopadhyay with Vineeth Atreyesh Vasudeva Murthy.

² The analysis excludes Afghanistan, which at the time of data collection did not have a functioning PAC.

Box 8.1 Ad Hoc PACs

A further, if somewhat unusual, body of evidence regarding the usefulness of PACs in holding governments to account is the establishment of ad hoc or interim PACs—that is, an extra-parliamentary PAC. In Bangladesh and Pakistan, such committees have been established by the executive arm of government even in the absence of a functioning parliament. The primary purpose of the ad hoc arrangement is “to have an interim mechanism for ensuring some continuity of the workings of the Public Accounts Committee during extended periods reflecting abeyance of normal parliamentary proceedings” (Karim 2012, 2).

One of the first such PACs was established in Bangladesh in 1983 by the president through an ordinance dated November 3. Justice A. K. Baker was appointed chair, and other members of the committee were drawn from different fields, including the accounting profession, business, civil society, and the army. This committee submitted three reports to the president that reviewed the audit reports relating to fiscal years 1978 and 1979. According to Sahgal (2009, 1), “this mechanism not only furthered the financial and legislative scrutiny process but reportedly helped set into motion improved practices that were subsequently adopted by the PACs appointed by [subsequent] oncoming Bangladeshi parliaments.”

In Pakistan, the Ad-Hoc Public Accounts Committee (AHPAC) was established in pursuance of the Proclamation of an Emergency in October 1999. Although the chief executive of the country was appointed with sufficient powers to govern the country, it was determined that an AHPAC was needed to receive and review the audit reports of the auditor general and to report to the chief executive. Sahgal (2009, 1) reported that the committee “worked diligently and was able to complete its work [including the backlog of auditor general reports from previous years] by July 2001.” The committee constituted different subcommittees and interdepartmental committees—practices later referred to by McGee (2002) as “good international practice” for parliamentary PACs to consider. Of particular note is that the proceedings of the AHPAC were opened to the public and the media, with the aim of increasing public “confidence on issues involving accountability and public interest” (Sahgal 2009, 2).

Source: Stapenhurst, Pelizzo, and Jacobs 2014

Powers, Responsibilities, and Functions of the PAC

As elsewhere in the world, PACs in South Asia are powerful instruments of public financial accountability. They examine and subsequently regularize government expenditures. The Indian Parliament, for example, defines the functions of the PAC as extending beyond government expenditure review to observe financial irregularities, losses, and nugatory expenditures. This role involves examining government’s tax administration; cases of duties not being levied, tax evasion, and loopholes in taxation. The PAC calls upon the concerned ministries to explain actions taken and provides recommendations to prevent future irregularities. The committee is then expected to record its opinion, either disapproving the action of the government or passing strictures against the extravagance or lack of proper control by the concerned ministry or department.

South Asian PACs generally have unrestricted powers and adequate rights to access all government expenditures to perform its functions (see table 8.1). South Asian PACs focus on public accounts and financial affairs and, increasingly, issues of program performance. In addition to rights to referrals (by parliament and, in some jurisdictions, directly from a minister, the speaker, or the auditor general [AG]), PACs have the jurisdiction to undertake self-initiated inquiries. PACs' jurisdiction in the case of nongovernmental organizations (NGOs), private sector, and autonomous bodies is still debated in the region. The more-established committees have the power to call meetings, meet outside the legislature's session, call witnesses, and initiate inquiries. PACs report to the legislature, make recommendations, and ensure that the government responds and follows up with its recommendations.

Table 8.1 Right of Access by South Asian PACs

	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Government agencies within the finance portfolio	Un	Un	Un	Un	Un	Un	Un
Government agencies outside the finance portfolio	Un	Un	Un	Un	Un	Un	Un
Statutory authorities	Un	Un	Un	Un	Un	Un	Un
Government owned corporations	No	Un	Un	Un	Un	Un	Un
Local government authorities	Un	Un	Un	Cond	Un	Cond	Un
Parliament (and its expenditures)	Cond	Un	Un	Un	Un	Un	Un
Parliamentarians' expenditures (eg. Staff)	Un	Un	Un	Un	Un	Un	Un
Government service providers	No	Un	No	Un	Un	No	Un
Government funded non-government organizations	Cond	–	Un	–	Un	No	Cond
Private Sector organizations	No	No	No	No	Un	No	No

Legend: – = data not available; 'Un' = enjoys this right unconditionally; 'Cond' = enjoys this right conditionally; No = does not have this right

The authority and powers of PACs vary across the region. In India, the terms of appointment are governed through legislation (Rule 108 in India and Rule 2008 in Nepal). In the Maldives and Sri Lanka, the authority comes through standing orders of the parliament, and in Bhutan, through legislation supported by the Rules of Procedure of PACs. The terms of appointment in Bangladesh and Pakistan are through convention. In examining the use of public money by public bodies, the committees have the right to access the executive branch behavior, that is, to examine accounts, contracts, and or financial management practices.

The functions of South Asian PACs extend beyond the exclusive review of expenditures to assess their wisdom, faithfulness, and due regard for economy. Rather, the focus is on audit observations involving financial irregularities, losses, and nugatory expenditures. When any case of such a nature is brought to its attention—that is, negligence resulting in loss or extravagance—the ministry concerned is called upon to explain to what action, disciplinary or otherwise, has been taken to prevent the recurrence. In such cases the

committee is expected to record its opinion, either disapproving the action of the government or passing strictures against the extravagance or lack of proper control by the ministry or department concerned. The PACs' main functions and powers across the seven South Asian PACs are presented in table 8.2.

Table 8.2 Accounts and Operations

	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Examination of accounts & financial affairs	Un	Un	Un	Un	Un	Un	Un
Consideration of budget estimates (other than Audit Office)	No	Un	No	No	Un	No	No
Efficiency, economy & effectiveness of government policy	Un	No	Un	Un	Un	Un	Un
Efficiency & economy of policy implantation (value for money)	Un	Un	Un	Un	Un	Un	Un
Effectiveness of government implementation (delivery of outcomes)	Un	Un	–	Un	Un	–	–
Undertake self-initiated inquiries	No	Cond	Un	Un	Un	Un	Un

Legend: – = data not available; 'Un' = enjoys this right unconditionally; 'Cond' = enjoys this right conditionally; No = does not have this right

The majority of PACs have the power to undertake self-initiated inquiries and to access to specialized resources to develop its conclusions and recommendations. PACs initiate inquiries in consultation with the AG, and examine the AG's reports. In India, the chair initiated other inquiries and studies as well. No PAC in South Asia reported recent activities being referred by ministers or other sources. PACs, with the approval of the speaker, can undertake spot studies of the institution that is the subject of inquiry, which enables PAC members to form a first-hand assessment of the situation. Either the whole committee or a study group consisting of select members of the PAC undertakes such visits. Members prepare notes for the committee's subsequent deliberations and exchanges with the concerned ministry.

Relationship with the Auditor General

Regarding the relationship with the Auditor General (AG), the survey questionnaire administered by the World Bank and the Commonwealth Parliamentary Association asked respondents whether they had the power to examine the AG compliance and performance reports, whether they had the power to refer matters to the AF for investigation, and whether they had input into the selection and removal of the AG, whether they scrutinized the AG's annual budget and resources and whether they assessed the AG's performance.

Table 8.3 indicates while all South Asian PACs enjoy the powers to examine AG compliance and performance reports and to refer matters to the AG for investigation, there is far more variation among PACs regarding other factors. For example, only the Bangladesh PAC has the power to select and remove the AG, while only the Maldives' PAC scrutinizes the AG's budget and resources and only the Nepalese PAC assess the AG's performance.

Table 8.3 Relationship with Auditor General

	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Selection of AG	Yes	No	No	No	No	No	No
Removal of AG	Yes	No	No	No	No	No	No
Scrutinize AG Budget & Resources	No	No	No	Yes	No	No	No
Assess AG Performance	No	No	No	No	Yes	No	No
Examination of AG compliance reports	Un	Un	Un	Un	Un	Un	Un
Examination of AG performance reports	Un	Un	Un	Un	Un	Un	Un
Refer matters to the AG for investigation	Un	Un	Un	Un	Un	Un	Un

Legend: 'Un' = enjoys this right unconditionally; 'Cond' = enjoys this right conditionally; No = does not have this right

Aggregate Powers

The evidence presented so far can be used to measure the range or amount of formal powers at the disposal of PACs. Specifically, a score of 1, 0.5, and 0 is assigned to PACs that enjoy a power unconditionally, conditionally, or not at all, respectively. By adding the score that a PAC receives for each of the powers, one can construct an additive scale. Because the maximum score a PAC may receive for right of access, accounts and operations, and AG reports is 10, 6, and 7, respectively, the maximum value that the formal power index may take is $10 + 6 + 7 = 23$. South Asian PAC scores vary from a minimum of 13.5 for Pakistan and 14.5 for India to a maximum of 20 for Nepal (see table 8.4).

Table 8.4 Aggregate Powers

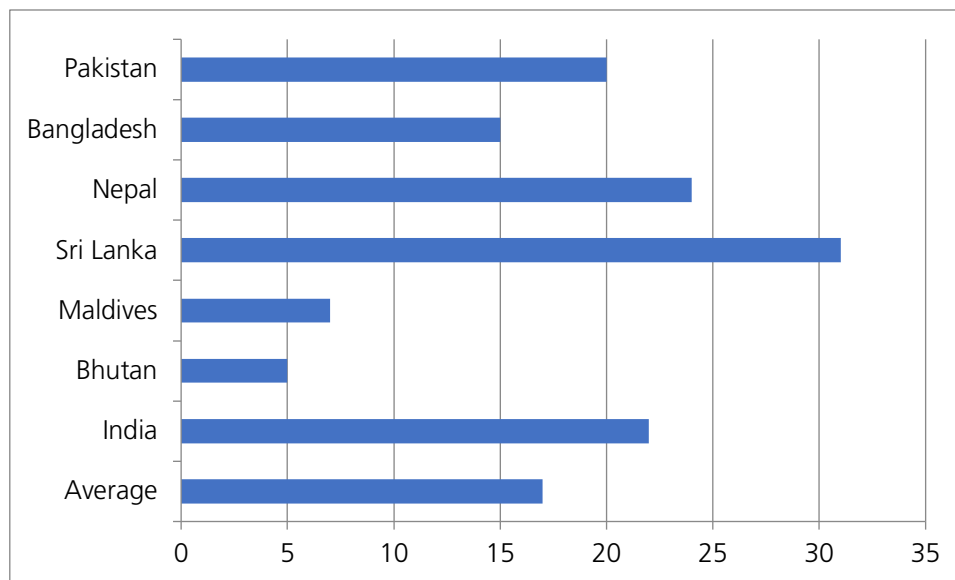
	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Right of Access	6	7	8	7	10	6.5	8.5
Accounts and Operations	4	4.5	4	5	6	4	4
Auditor General	5	3	3	4	4	3	3
TOTAL	15	14.5	15	16	20	13.5	15.5

Membership and Leadership of the PAC

PAC membership generally reflects the distribution of seats in the legislature (Stapenhurst, Pelizzo, and O'Brien 2012). The criteria for membership and leadership can significantly affect PACs' effectiveness. Stapenhurst, Pelizzo, and Jacobs (2014) found that adequate involvement of the opposition party—in such roles as membership on the committee or chair of the committee—was important in determining PAC effectiveness.

The number of members in a PAC varies from country to country. The average number in South Asia is 17, which is higher than the Commonwealth's average of 11. The largest PAC is Sri Lanka (31 members) and the smallest is Bhutan (5 members). India, with 22 members, and Pakistan, with 20, come closer to the average. Nepal's PAC has 24 members (see figure 8.1).

Figure 8.1 PAC Membership Numbers



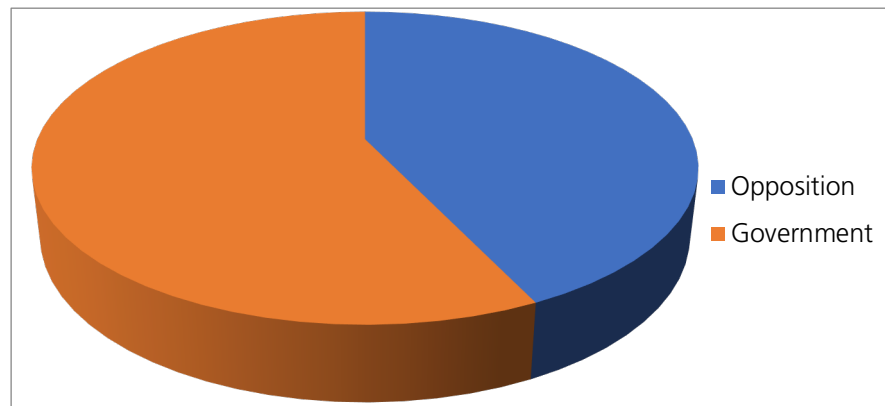
India reported that members of its PAC were recruited from both chambers. In Pakistan, all members were selected from the lower house, as stipulated by legislation. Bhutan is in the process of becoming bicameral. The nature in which members are appointed varies across the region. In Bhutan, India, and the Maldives, the legislature plays a more active role than the rest of the region in selecting PAC members. In India and Nepal, the Speaker plays an important role in passing the motion for appointment of members. In Pakistan and Bangladesh, leaders of the opposition play an active role in appointing members. In Sri Lanka, the Committee of Selections has adopted a consultation process. In Bhutan, PAC members are elected and the Speaker fills the vacancy.

Five out of seven of the South Asian PACs reported that members were appointed for the duration of the legislature (Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka). Two (29 percent) reported that the tenure of members was not congruent with the duration of the legislature (India and the Maldives). In India, the term is initially for one year, but most members get appointed for two terms. In Pakistan, terms are governed by the Rules of Business. In Sri Lanka, the term is fixed by the constitution, and in Nepal a quarter of the members can be transferred each year. In the Maldives, the length of appointment is determined by standing orders, which is two and a half years, or one-half of the five-year term of the parliamentarian.

Previous studies on PACs have identified the importance of leadership provided by the chair and vice chair (Ngozwana 2009). In particular, to offset the majority membership of the ruling government in the PAC and

to enhance the motivation of the committee to undertake effective oversight, the position of committee chair is generally given to the opposition party. Only three South Asian PACs follow this norm: India, Nepal, and Pakistan (see figure 8.2).

Figure 8.2 PACs with Government or Opposition Chair



Most PACs reported that the chair enjoyed more powers than its members (Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka). Those powers include the right to provide the casting vote, fix the date and time of sittings, convene PAC meetings, and more broadly, coordinate the affairs of the PAC. For example, in Bhutan, the chair summons the witnesses; establishes and maintains liaisons with external agencies, including the Speaker; and makes the presentation to the assembly. The Maldives PAC has the only chair that does not enjoy any additional powers.

The tenure of the chair and vice chair in most PACs is equivalent to duration of the legislature (in Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka). The Indian and Maldivian PACs did not report a corresponding tenure. In India, the tenure is one year and is usually automatically extended to two years. Sometimes it can be extended to three years. In the Maldives, the tenure is two and a half years, or one-half of the five-year term of the parliamentarian.

PAC Working Practices and Meetings

The number of meetings held by PACs and the times at which they are convened vary across countries, depending on the parliament, structure, and continuity of the PAC. Some PACs are able to meet only on parliament sitting days, and other PACs meet whether or not the parliament is in session. The PACs spend considerable time debating and scrutinizing audit reports (Wehner 2002). The PACs of Bhutan, India, the Maldives, and Pakistan, do not have a formal policy that details the regularity of meetings, notices, agendas, and so on. In Bangladesh and Nepal, procedural rules guide the setting of PAC procedures for meetings. Sri Lanka's PAC meets on parliament sitting days, and the meetings and hearings are based on the AG's reports.

The frequency of meetings of South Asian PACs varies considerably. Nepal's PAC met most frequently, with 40 meetings, and Bhutan's newly formed PAC had the fewest with 4 meetings. India's PAC met regularly, an average of 20–24 per year. Pakistan, when its PAC is active, meets for 8–10 days per month. Bangladesh

averages 15 meetings per year, and Sri Lanka has about 40 meetings per year. To increase the capacity of the PAC and also to conduct specific inquiries, subcommittees can be formed. Nepal has the most active subcommittees, which meet several times more often than their Bangladeshi counterparts.

Staffing

Stapenhurst, Pelizzo, and Jacobs (2014) note that having adequate staff support is crucial for the successful working of a PAC. McGee (2002) recommends that PACs have a minimum of one permanent position for the clerk of the committee and at least one primary researcher.

In South Asia, the typical PAC has between five and seven full-time staff members, but the number varies. India has the largest number of PAC officers with 13, as well as 2 supervising officers; Pakistan follows with 6 officers and 10 support staff; the Maldives has 2 full-time technical staff members and 1 administrative staff member assigned by the secretariat. In Bhutan, 7 staff members from the secretariat cater to the needs of the committee; Bangladesh has 1 committee secretary and 1 committee officer; and Sri Lanka has 7 staff members (including consultants) serving its 2 oversight committees.³

Three PACs reported that their staffs are mainly engaged in administrative matters (Bangladesh, Nepal, and Sri Lanka), and three other PACs reported that staff members also had important research functions (Bhutan, India, and Pakistan). In the Maldives, staff members mainly undertook general secretariat work, and research support is provided by the staff of the AG's office. The Nepalese PAC recently appointed a research (and liaison) officer to broaden the skills base of the staff.

Most PACs reported no provision for additional staff for specific reviews and inquiries. Only Bhutan reported having access to such resources, such that experts can be invited to assist the committee, and in Nepal, staff from the AG's office may be brought in as needed. Most PACs also have the power to call academics or specialists as witnesses, and most do so. The exceptions are Pakistan, which has this power but rarely uses it, and the Maldives, which does not have this power.

Committee Hearings and Witnesses

By convention, the PACs in Bangladesh, India, the Maldives, and Sri Lanka do not allow public access to committee meetings. In Pakistan, the chair permits select media to attend but not the public. Bhutan's PAC favors and permits public access to meetings except when sensitive issues are involved. Nepal's PAC is relatively more open and can restrict public access for security reasons. In Bangladesh, the chair briefs the media after meetings and encourages an exchange on pertinent matters.

PACs do not deliberate on government policy. Rather, they focus on ex post budget implementation and value-for-money considerations; hence, PACs generally hear evidence from government officials and not ministers (McGee 2002). Department officials, statutory authorities, government bodies, interest groups,

³ The Committee on Public Accounts and the Committee on Public Enterprises

academics, NGOs, government service providers, and, less frequently, ministers are summoned to testify before the PAC (Pelizzo 2014). The most senior official of the relevant government agency (principal accounting officer) generally attends as the prime witness at PAC and its subcommittee hearings. All South Asian PACs have the power to call government bodies as witnesses; five regularly use this power (Bangladesh, India, the Maldives, Nepal, and Sri Lanka), and two rarely do (Bhutan and Pakistan). Four PACs do not have power to call ministers as witnesses (Bhutan, India, Pakistan, and Sri Lanka); the remaining three have the power but rarely use it (Bangladesh, the Maldives, and Nepal).

The PACs work substantively on AG reports; hence, the relationship between them and the AG is very important. The Indian Parliament describes the AG as a “friend, philosopher and guide” of the PAC.⁴ Most South Asian PACs have the power to call the AG as a witness, but only Bangladesh, Nepal, and Sri Lanka PACs exercise this power.

Three PACs exercise the power to call NGOs as witnesses (Bangladesh, India, and Nepal); three PACs do not have this power (Bhutan, the Maldives, and Sri Lanka); and one PAC has this power but rarely uses it (Pakistan).

Reporting Inquiry Findings and Recommendations

All PACs, except Sri Lanka, are expected to periodically provide written reports to the parliament. These reports, which typically have an introductory section that contains PAC observations (including the meetings, notes that contain selected submissions from the government, a main conclusions section, and committee recommendations), are the main output of a PAC. The reports are generally nonpartisan and are based on unanimous decisions of the members. No formal debates on PAC reports take place on the floor of the house. The government is expected to respond to the PAC within a predefined time frame, although neither the PAC nor parliament can enforce the recommendations.

Every PAC tables its report to the legislature. The majority of PACs responded that their reports could be the subject of legislative debate (in Bhutan, the Maldives, Nepal, Pakistan, and Sri Lanka); only two reported no such legislative debates (Bangladesh and India). In Pakistan, reports are normally adopted by the parliament without discussion. In Nepal, the parliament normally endorses the PAC report without debate. Bhutan has limited experience in debating PAC reports. In Sri Lanka, only one PAC report on public enterprise has been debated. Hence, in practice, only three parliaments debate PAC reports (the Maldives, Nepal, and Sri Lanka).

All PACs use communication mechanisms to inform the public of inquiry outcomes. In India, the PAC chair holds a press conference on the day that the report is tabled. In Sri Lanka, a press release is released after the report is presented to the parliament. In Bangladesh, Bhutan, the Maldives, and Nepal, official media outlets are used for press releases. Press releases are widely reported in the media. PAC reports are widely circulated and available in major libraries and public institutions. In Pakistan, selected media representatives are invited

⁴ Parliament of India, “Public Accounts Committee” (Lok Sabha Secretariat, New Delhi, 2004). <http://parliamentofindia.nic.in/ls/intro/11.pdf>.

to PAC hearings, but reports are not released to the public. Communication strategies vary across PACs. Most South Asian PACs do not have a formal communication strategy (Bhutan, the Maldives, Pakistan, and Sri Lanka); however, three do have a formal communication strategy (Bangladesh, India, and Nepal). In Bhutan, the PAC chair corresponds with stakeholders on important matters.

Most PACs reported that all their meetings were recorded by Hansard (Bangladesh, the Maldives, and Sri Lanka). Two PACs reported that some meetings were not recorded by Hansard (Bhutan and India). In Bangladesh, transcripts of meetings are released only after the report is tabled to the parliament. In India, only PAC members have access to the recordings. This practice has yet to evolve in Bhutan. Generally, Nepal PAC recordings are supposed to be posted on the PAC website, but posting depends on the sensitivity of the issues.

The majority of PACs reported that their reports were easily available to the public (Bhutan, India, the Maldives, Nepal, and Sri Lanka). Reports of two PACs (Bangladesh and Pakistan) are available only after they have been tabled to the parliament. PAC reports are available online in India, Nepal, and Sri Lanka. Audio transcripts of PAC meetings are available online only in Nepal.

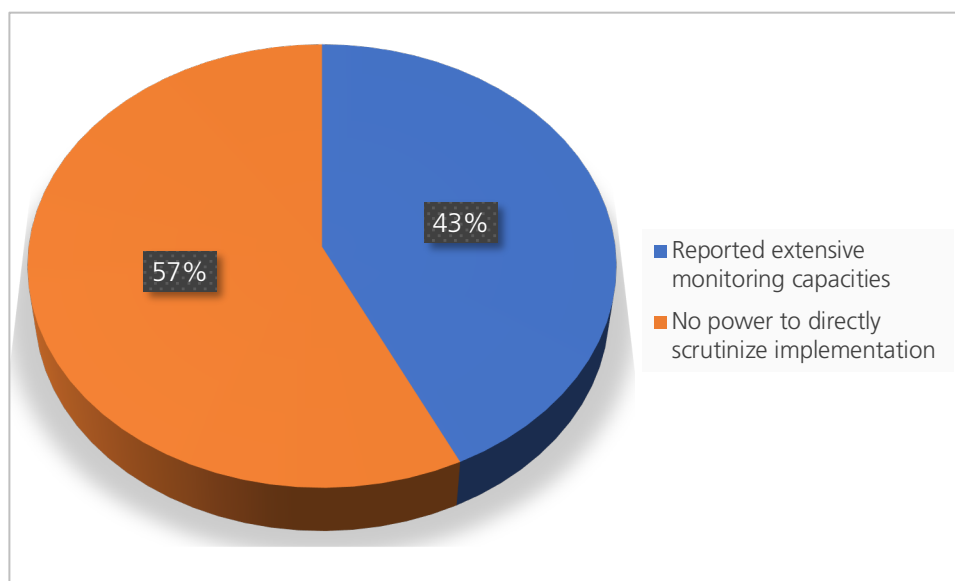
Following Up on Recommendations and Implementations

A PAC's work is most effective when the government implements its recommendations. Hence, follow-up mechanisms are crucial to ensure the success of a PAC. Most South Asian PACs require the government to respond to their reports and recommendations. Only one PAC reported no such obligation (the Maldives). Responses are not required to be tabled in parliament in all PACs.⁵ In India, the monitoring cell of the Ministry of Finance submits its response to the AG for vetting and then to the PAC. Similarly in Bangladesh, the response is submitted with the approval of the principal accounting officer. In Nepal, the council of ministers act as intermediaries between the concerned administrative ministry and the PAC. In Sri Lanka, a "Treasury minute" is required after the administrative ministry drafts the response. In Pakistan, the concerned administrative ministry sends its response directly to the PAC. In Bhutan, the individual ministry issues a report that details the actions taken and submits it to the PAC.

Most South Asian PACs do not have the power to directly scrutinize the implementation of its recommendations (Bhutan, the Maldives, Pakistan, and Sri Lanka); the other three (Bangladesh, India, and Nepal) report extensive monitoring capacities (see figure 8.3).

⁵ PACs in South Asia do not provide information widely on the extent to which audit recommendations are implemented by the government or whether PAC recommendations are implemented.

Figure 8.3 Power to Scrutinize Implementation of PAC Recommendations



India's PAC has a formal reporting mechanism that categorizes responses based on the nature and degree of acceptance. PACs of Bangladesh, Bhutan, and Pakistan work with the AG to monitor the government's implementation. In Nepal, subcommittees generally monitor the government's actions. Sri Lanka has no system for following up recommendations and that is left to the AG. The Maldives PAC does not have a procedure for follow-up.

Conclusion

South Asian countries adopted the British Westminster model of democracy, including the formal system of financial accountability. It works on the principle that the government is accountable to the parliament; thus the people have the right to know how public money is used by the government. Public accounts committees are crucial institutions in effectively performing this oversight role. As with the broader institutions, PACs have evolved over the years; and as can be seen in this chapter, PACs in South Asia differ widely in structure and procedures.

The mandate of South Asian PACs is broad and includes accounts and financial management practices and procedures. The procedures involve observing financial irregularities and nugatory expenditures such as governments' tax expenditures, cases in which duties are not levied, tax evasion, and loopholes in taxation.

PACs in this region have generally unrestricted powers to carry out their mandate. Parliaments, the minister, the speaker, and the AG can refer cases to the PAC. PACs also have the jurisdiction to undertake self-initiated inquiries. South Asian PACs differ in their capacities to perform. A typical PAC has between five and seven full-time staff members. India has 13 PAC officers, Bangladesh has 1 committee secretary and 1 committee officer. Most South Asian PACs do not have provision for additional staff for specific reviews and inquiries.

One challenge facing PACs in the region is that they do not have the power to directly scrutinize the implementation of their recommendations. Although the governments respond to the PAC's recommendations, they are not required to table their responses in parliament in all PACs.

Not all PACs are motivated through leadership to undertake effective oversight. Opposition party members are chairs in PACs in India, Nepal, and Pakistan. The chair enjoys more powers than members in most of the South Asian PACs in areas such as the right to provide a casting vote, to fix the date and time of sittings, to convene PAC meetings, and, more broadly, to coordinate PACs' affairs.

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Chapter 9

Public Accounts Committees in the Pacific Region

Rick Stapenhurst

Introduction

Starting in the mid-1980s, the Public Accounts Committees (PACs) in the Pacific region attracted the interest of academics and practitioners alike. A key issue that a number of studies sought to explain was the underperformance of parliaments in the region, in general, and of the PACs in particular. Hardman (1984) noted, for example, that Pacific island states tended to adopt scaled-down versions of larger states, and especially of the United Kingdom.

More recently, it has been argued that Pacific PAC performance is adversely affected by what Stapenhurst (2011) defined as 'external factors', and 'enabling conditions'. Rawlings (2006) claimed that, on the external side, the existence of generally weak extra-parliamentary oversight institutions, such as Auditors General and ombuds offices, which elsewhere are supportive of PACs, was a key factor. Another was weak enabling conditions, including the lack of qualified of parliamentary staff and limited access to public sector financial information (Rawlings, 2006). Pelizzo (2010) went further, suggesting that a lack of formal powers held Pacific PACs did not necessarily result in reduced oversight activity.

It should be noted, however that the most common trait of Pacific PACs is their variety: they are all very different in terms of performance, capacity, formal powers and organizational characteristics. Thus, a single 'Pacific model' which could be used to help strengthen PAC performance across the region does not exist. The variable success of different capacity building initiatives over the last decade supports this conclusion.

Background

Contemporary studies of PACs and parliamentary oversight date back to the seminal work of David McGee (2002). The framework developed by McGee (2002) and extended by Stapenhurst, Pelizzo, and Jacobs (2014), highlights that the organizational, institutional, and behavioral factors provide an appropriate model to understand the functioning of PACs. Regarding the organization of PACs, for example, McGee (2002) suggested that the number of PAC members (ideally, less than 11), the political affiliation of the PAC chair (ideally, a leading opposition member) and the number of support staff working solely for the PAC, were critical. Regarding institutional factors, it was suggested that the whether the PAC is created as part of the national constitution, by an Act of Parliament or simply through Standing Orders, was important - the former giving substantial stability to the committee, the latter leaving it at greater risk of being abolished by the government. The powers and access that PACs were also identified. Building on this work, Pelizzo (2011) suggested that the partisan composition of the PAC membership, that is, whether opposition parties are adequately represented in the committee, is important. A novel approach to the examination of PACs in the

Pacific was used by Coulson and Gilchrist (2015) who used the World Bank's Public Expenditure and Accountability (PEFA) assessments¹ to gauge the effectiveness of PACs.

Using data collected by researchers by McGill University in 2018, in this chapter we consider the performance of five PACs in the Pacific region, namely Fiji, Papua New Guinea (PNG), Samoa, the Solomon Islands, and the Cook Islands. Our goal is to update previous analysis undertaken by the World Bank (2013), Pelizzo (2013) and Pelizzo (2010) and in so doing develop a more detailed understanding of the organization, mandate, responsibilities, functioning, and overall performance of Pacific PACs. Where relevant, we compare and contrast these assessments with those of Coulson and Gilchrist (2015).

We begin by reviewing the organizational features of Pacific PACs, then proceed to examine the institutional factors and finally look at behavioral aspects. In so doing, we indicate which factors provide the best explanation for how these committees function.

Organizational Characteristics

Pacific PACs display considerable diversity regarding key organizational features, namely number of Members of Parliament (MPs) serving on the committees, the partisan affiliation of the committee chair, and the number of staff supporting the committee (McGee, 2002), as well as the proportion of opposition party members serving on the committees (Pelizzo, 2013).

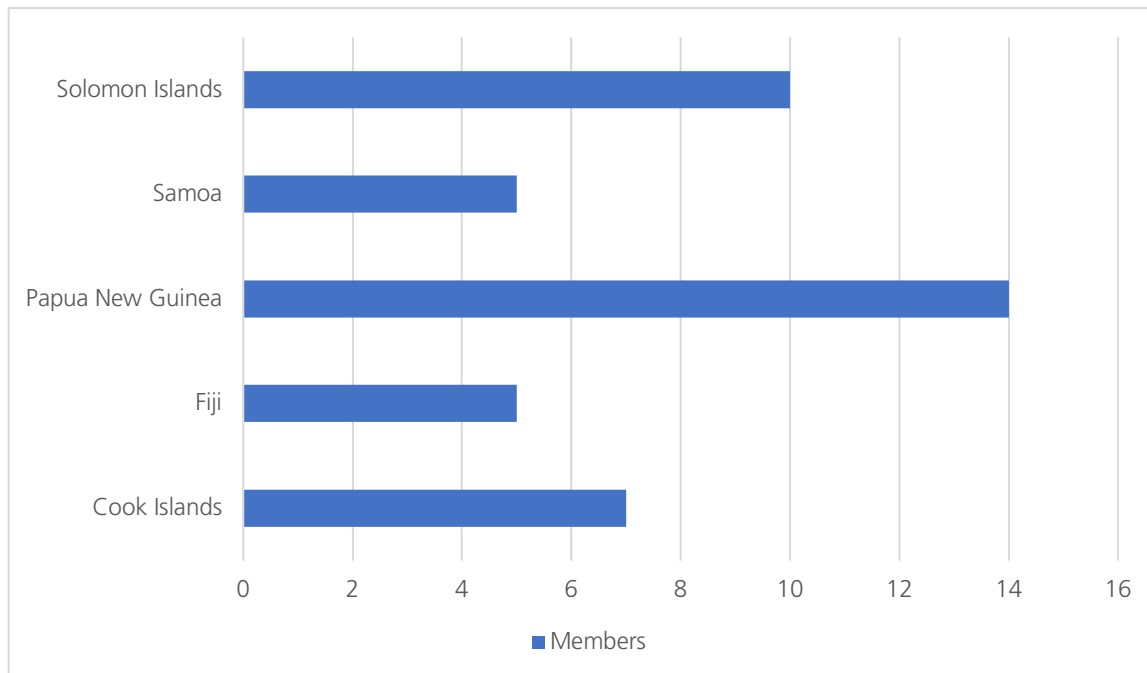
Size of Committee

The number of MPs on the PAC varies from only five in Samoa and Fiji to 14 in Papua New Guinea (PNG); the average size of the PAC is a 8.2 members (Figure 9.1). In contrast to Pelizzo's (2013) findings², at least some PAC members in each of the countries surveyed serve on other committees; see Figure 9.2.

¹ For their study, Coulson and Gilchrist used three PEFA performance indicators: PI 26, which examines the scope, nature and follow-up of external audit; PI 27, which examines legislative scrutiny of the annual budget law; and PI 28, which examines legislative scrutiny of external audit reports. The World Bank rates each indicator on a scale of A to D.

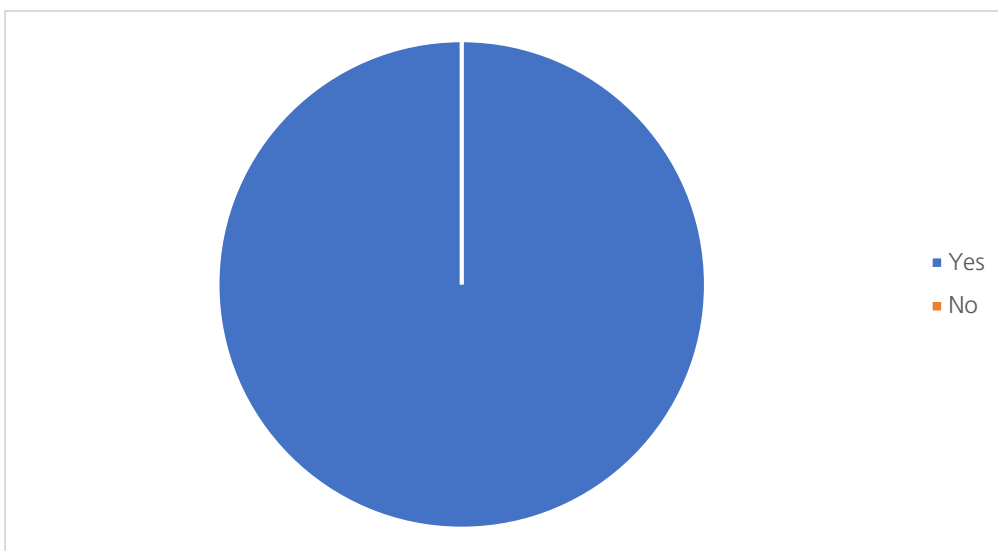
² Pelizzo (2013) found that only in Papua New Guinea and in Tuvalu could PAC members serve on other committees; in Fiji, Kiribati, Samoa and Vanuatu PAC members could not serve on other committees.

Figure 9.1 Number of Members of Parliament in the PAC



The selection of committee members also reflects the diversity across the region. In Vanuatu, for example, PAC members are appointed by the Prime Minister and the Leader of the Opposition. In Niue and Fiji, by contrast, members are selected by the Assembly while in Tonga members are nominated by the Speaker and approved by the parliament.

Figure 9.2 Can PAC Members Serve on Other Committees?



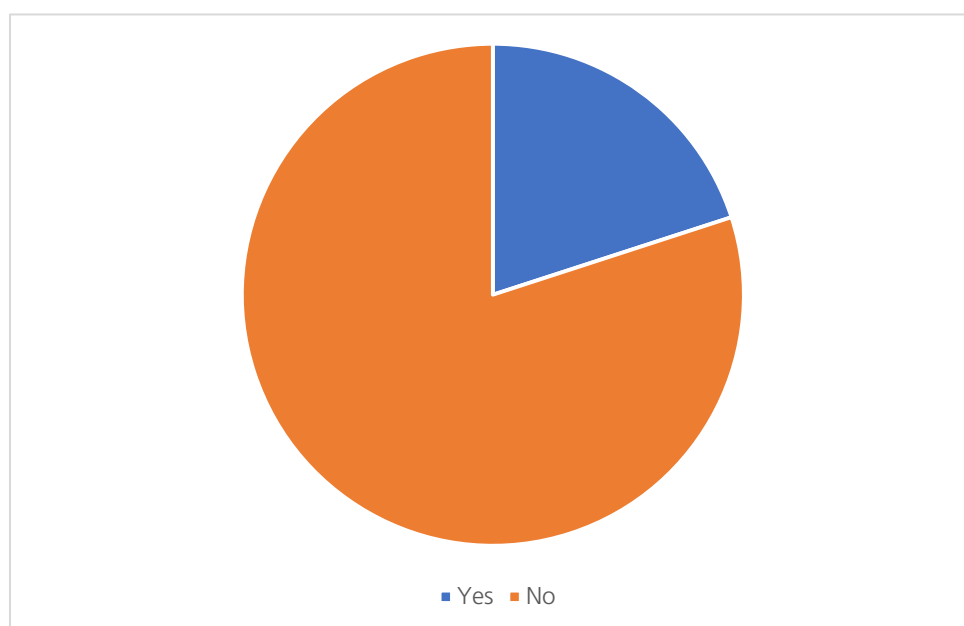
Partisan Representation

Both the World Bank (2016) and Pelizzo (2013) noted that there was considerable congruence across the Pacific regarding the representation of opposition parties in the respective PACs. Fiji and the Solomon Islands

both reported that the opposition comprises a third of their PAC membership (although in the latter, it has been reported that the selection of committee members is more reflective of a bipartisan spirit rather than a set proportion; World Bank, 2016) and Samoa and Vanuatu reported that the opposition holds somewhat less than one half of the seats on PAC. The 2018 survey results presented here show a somewhat different picture: in the Cook Islands and in Fiji, opposition comprises around 40 per cent of PAC members, while in the Solomon Islands 40 per cent are opposition members and a further 40 per cent are independent members. Respondents in Papua New Guinea and Samoa simply stated that the ruling party has the majority of members on the PAC.

In sharp contrast to the findings of the World Bank (2016) and Pelizzo (2013), who noted that opposition MPs comprised half of all PAC chairs in region, notably in Fiji, Niue, the Solomon Islands, Tuvalu, and Vanuatu, our results show the opposite: in only one country (the Solomon Islands) is the PAC chair an opposition MP. See Figure 9.3.

Figure 9.3 PAC Chairperson: Government Party?



Selection of the Chair

The responsibility for the appointment of the PAC Chair varies across the region. For example, in the Cook Islands, the Minister of Finance, in consultation with the Prime Minister, appoints the Chair, while in Fiji and Samoa, the committee members elect the chair, in Papua New Guinea, the Leader of Government Business selects the Chair and in the Solomon Islands, the Speaker selects the Chair.

Quorum

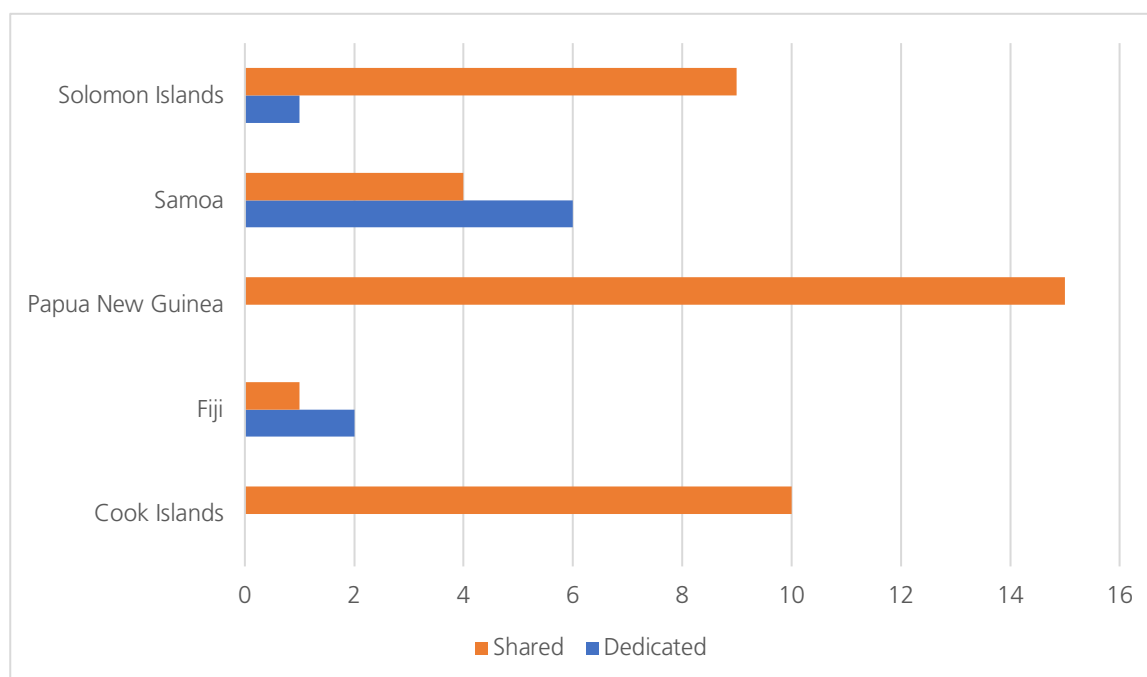
There are wide differences across the region regarding what constitutes a forum and what procedures are followed in the absence of a quorum. In Cook Islands, for example, in the absence of a quorum (four of seven members), the Chair either cancels the session or downgrades it to an informal session. In Fiji, if the

quorum is not met, business is either suspended until a quorum is met or the meeting is adjourned. In Papua New Guinea, the quorum is four members (out of 14); in the absence of a quorum, the meeting is cancelled, while in the Solomon Islands a quorum is one-third of the committee members; there is no procedure for committees regarding quorum, but in practice meetings are usually adjourned to the next day.

Staff

In the Pacific region, there is a greater variation between the number of dedicated staff supporting the PAC and staff more broadly at the Committee's disposal, than in other parts of the world; see Figure 9.4. The number of staff serving each committee is relatively unchanged from the World Bank (2016) and Pelizzo (2013).

Figure 9.4 Number of PAC Staff



It is unclear whether this is attributable to the size of the parliament as a whole, the number of committees, or if it is a reflection of local labor force limitations. In terms of dedicated staff, the number of staff varies from none at all in the Cook Islands and Papua New Guinea to a high of six (up from four in the World Bank and Pelizzo studies) in Samoa. For total staff (that is, dedicated, working solely for the PAC plus shared staff, who support the PAC and either work for at least one other committee, work in the Auditor General's office or in a government department), the number varies from three in Fiji to 15 in Papua New Guinea and ten in both the Cook Islands and the Solomon Islands. All PACs also have access to external advisors and experts to assist in inquiries.

Powers, Responsibilities, and Functions

As in the World Bank (2016) and Pelizzo (2013) studies, respondents were asked about the powers, responsibilities, functions, and mandate of PACs. The results enable two sets of analysis: (i) the testing of the

propositions that a broad mandate is an essential condition for the successful performance of a PAC; and (ii) a comparison of Pacific PACs with regard to their capacity, strengths and weaknesses, and variation across the region. In other words, they enable the assessment of the breadth of the mandate of Pacific PACs, and to test whether PAC activities and performance are related to the range of powers, responsibilities, and functions that PACs have. In assessing powers, responsibilities and functions of PAC, three dimensions are examined: right of to examine accounts, contracts and management practices; functions and responsibilities; and the relationship with the Auditor General.

Right to Examine Accounts, Contracts and/or Management Practices

The rights of access by PACs³, a significant element of their powers, are often limited, and as a result can directly impact the PACs' ability to perform their oversight function (McGee 2002; Stapenhurst, Pelizzo, and Jacobs 2014). When access to government organizations or public entities is limited, the potential effectiveness of the PAC is compromised. Respondents were asked whether they had unconstrained, conditional or no access to the following public entities: government agencies within the finance portfolio, government agencies outside the finance portfolio, statutory authorities, state-owned enterprises, local government authorities, Parliament (and its expenditures, MPs expenditures (including travel and staff), government service providers, and government-funded non-governmental organizations (NGOs). Results are shown in Table 9.1.

Table 9.1 Right of Access

	Cook Islands	Fiji	Papua New Guinea	Samoa	Solomon Islands
Government Ministries	–	Un	Un	Cond	Cond
Agencies & Public Enterprises	–	Un	Un	Un	Un
Regional & Local Authorities	–	Un	Un	Cond	Cond
Organizations receiving public grants, monies, support & guarantees	–	Un	Un	Cond	Un
Parliament	–	Un	Un	Cond	Un
Other	–	–	Un	–	–

Legend: – = data not available; 'Un' = enjoys this right unconditionally; 'Cond' = enjoys this right conditionally; No = does not have this right

³ That is, the number and type of public organizations to which the PAC has access. Such access is usually defined as being unconstrained or unconditional, conditional, or non-existent (Pelizzo, 2010).

It can be seen that Pacific PACs have relatively free right of access, especially compared to other regions such as the British Isles (see Chapter 2), South East Asia (see Chapter 8), Australia and New Zealand (see Chapter 10), the Caribbean (see Chapter 11) and Africa (see Chapters 5, 6 and 7). Indeed, they have access to virtually all the information at the disposal of government agencies within the finance portfolio, government entities outside the finance portfolio, statutory authorities, and government-owned corporations. Interestingly, the PAC in Fiji also has access to the Armed Forces account, a right traditionally disputed by the Commanders of the Military Forces going back to the first military coup in 1987 (World Bank, 2016).

Functions and Responsibilities

How broad is a PAC's mandate? Can it examine accounts; consider budget estimates; assess the efficiency, economy and effectiveness of a given policy and its implementation; and whether it has the power to undertake self-initiated inquiries. PACs can enjoy these powers unconditionally, conditionally, or not at all.

While the Pacific PACs generally have good rights of access, Table 9.2 indicates they are more constrained in their authority to oversee the accounts and operations of government. **Indeed**, the only unconditional power that all the PACs have is that of verifying audit and financial statements and examining the efficiency of government policy. In all other cases, the mandate of the PACs is more constrained. For instance, the PAC in the Solomon Islands does not assess the efficiency and economy of policy implementation (value for money) nor does it consider the effectiveness of government policy implementation (delivery of outcomes). All reporting countries said that the PACs had the power to examine budget estimates, although this right is conditional in Samoa. Interestingly, this is a marked change from the World Bank (2016) and Pelizzo (2013) studies, which reported that only Samoa enjoyed this unconditional right previously, suggesting a rolling back of PAC power, Table 9.3 shows the PEFA assessment scores in terms of parliamentary ex-ante review of the budget. In terms of parliamentary scrutiny, PNG, Samoa and the Solomon Islands scored 'B' while Vanuatu and Tuvalu (here, not the PAC but Parliament more generally) scored a "C"; regarding the extent to which parliament's procedures to examine the estimates are well established and respected, the Solomon Islands recorded an "A" and PNG, Samoa and Tuvalu recoded a "B". In terms of sufficient time to scrutinize and respond to budget proposals, the scores were lower: "B" for PNG and Samoa, "C" for Vanuatu and Tuvalu and "D" for Solomon Islands. And finally, regarding rules for in-year amendments to the budget, the scores were "B" for PNG, Samoa and Vanuatu and "C" for the Solomon Islands and Tuvalu.

Table 9.2 Functions and Responsibilities

	Cook Islands	Fiji	Papua New Guinea	Samoa	Solomon Islands
Examination of budget estimates	–	Un	Un	Cond	Un
Verification of audit & financial statements	–	Un	Un	Un	–

	Cook Islands	Fiji	Papua New Guinea	Samoa	Solomon Islands
Efficiency of government policy	–	Un	Un	Un	Un
Efficiency, economy & effectiveness of policy implementation (value for money)	–	Cond	Un	Cond	No
Efficiency, economy & effectiveness of policy implementation (delivery of outcomes)	–	Un	Un	Cond	No
Undertake self-initiated inquiries	–	No	–	Cond	Cond

Legend: – = data not available; Un = enjoys this right unconditionally; Cond = enjoys this right conditionally; No = does not have this right.

Table 9.3 Parliamentary Scrutiny of the Annual Budget Law (PEFA Indicator 27)

	Scope of Legislative Scrutiny	Extent to Which Legislature's Procedures Are Well Established & Respected	Adequacy of Time for the Legislature to Provide a Response to Budget Proposals	Rules for in-year Amendments to the Budget Without Ex-Ante Approval by Parliament
Fiji	–	–	–	–
Papua New Guinea	B	B	B	B
Samoa	C	B	D	B
Solomon Islands	B	A	D	C
Vanuatu	C	–	C	B
Tuvalu	C	B	C	C

Legend: – = not available

Source: Coulson and Gilchrist (2015); PEFA Secretariat

Regarding other operations, only in the Solomon Islands and in Samoa do PACs have the right to undertake self-initiated inquiries; earlier studies by the World Bank (2016) and Pelizzo (2013) indicated that Bougainville, Papua New Guinea (which did not provide information in the most recent survey) and Vanuatu also had this power. Overall, it would seem that the mandates of PACs across the region are less constrained than previously was the case (Stapenhurst, Pelizzo, and Jacobs, 2014). See Table 9.4.

Table 9.4 Functions and Responsibilities (2013-2018)

	Fiji		Papua New Guinea		Samoa		Solomon Islands	
	2013*	2018	2013*	2018	2013*	2018	2013*	2018
Examination of budget estimates	No	Un	No	Un	Un	Cond	Un	Un
Verification of audit & financial statements	Un	Un	Un	Un	Un	Un	Un	–
Efficiency of government policy	No	Un	Un	Un	Un	Un	No	Un
Efficiency, economy & effectiveness of policy implementation (value for money)	Un	Cond	Un	Un	Un	Cond	No	No
Efficiency, economy & effectiveness of policy implementation (delivery of outcomes)	No	Un	Un	Un	Un	Cond	No	No
Undertake self-initiated inquiries	–	No	Un	–	No	Cond	No	Cond

Legend: – = data not available; Un = enjoys this right unconditionally; Cond = enjoys this right conditionally; No = does not have this right; * from Pelizzo (2013)

The World Bank (2016) notes that where the PAC has conditional or no power, in most cases there is no other parliamentary committee empowered to undertake those functions.

These results indicate that Pacific PACs depart in significant ways from the archetypal PAC, as noted by Yamamoto, 2007 (i.e., to simply oversee whether public funds were spent according to the purposes for which they had been appropriated. In Fiji, Papua New Guinea, Samoa, the Solomon Islands, as well as in Vanuatu (Pelizzo, 2013) the PACs also examine budget estimates while in the Solomon Islands and Samoa (as well as in Tuvalu and formerly in Papua New Guinea (Pelizzo, 2013) the PACs can initiate their own inquiries.

Relationship with the Auditor General

The survey results present information regarding the relationship between the PAC and the Auditor General along three dimensions: the ability of the PAC to examine the Auditor General's compliance audit reports; the ability to examine AG's performance audit reports; and its ability to refer matters to the Auditor General for investigation. Table 9.5 outlines the extent to which each of the respondents enjoys these powers.

Again, there has been some change in PACs' powers across the region. The PACs in Papua New Guinea and Samoa have unconditional ability to undertake all three of these actions; in fact, the PAC in Samoa shows the greatest improvement over the past five years. In Fiji, the PAC does not have the power to examine the Auditor's compliance reports nor to refer matters to the AG (although it did in 2013).

Table 9.5 Auditor General Reports

	Examination of AG Compliance Reports		Examination of AG Performance Reports		Power to Refer Matters to the AG	
	2013*	2018	2013*	2018	2013*	2018
Cook Islands	–	–	–	–	–	–
Fiji	Yes	No	No	Yes	Yes	No
Papua New Guinea	Yes	Yes	Yes	Yes	Yes	Yes
Samoa	No	Yes	No	Yes	No	Yes
Solomon Islands	Yes	Yes	Yes	Yes	Yes	No

Legend: * = from Pelizzo (2013)

Examining the scope, nature and follow-up of Auditor General reports, Coulson and Gilchrist (2015) again found wide variations across the region: the scope of audits was very wide (“A”) in PNG and Tuvalu, “B” in Solomon Islands, “C” in Samoa and “D” in Vanuatu. The timeliness of submission of audit reports to parliament was poor: “D” in all countries, except Tuvalu, which scored an “A”. Regarding follow-up to the Auditors reports, PNG and Samoa scored a “C” and the Solomon Islands and Vanuatu a “D”. See Table 9.6.

Table 9.6 The Scope, Nature and Follow-up of External Audit (PEFA Indicator 26)

	Scope & Nature of Audit Performed	Timeliness of Submission of Audit Reports to Parliament	Evidence of Follow-Up to Audit Recommendations
Fiji	–	–	–
Papua New Guinea	A	D	C
Samoa	A	C	C
Solomon Islands	B	D	D
Vanuatu	D	D	D
Tuvalu	A	A	–

Legend: – = not available

Source: Coulson and Gilchrist (2015); PEFA Secretariat

Activity and Performance

In many parliamentary studies, activity is often used as a proxy for performance, since it is difficult to obtain performance. Thus, our survey elicited information regarding the level, amount, and type of activities

performed by Pacific PACs. Respondents were asked how many meetings had been held in each of the previous three years, how many inquiries had been held and how many reports had been released.

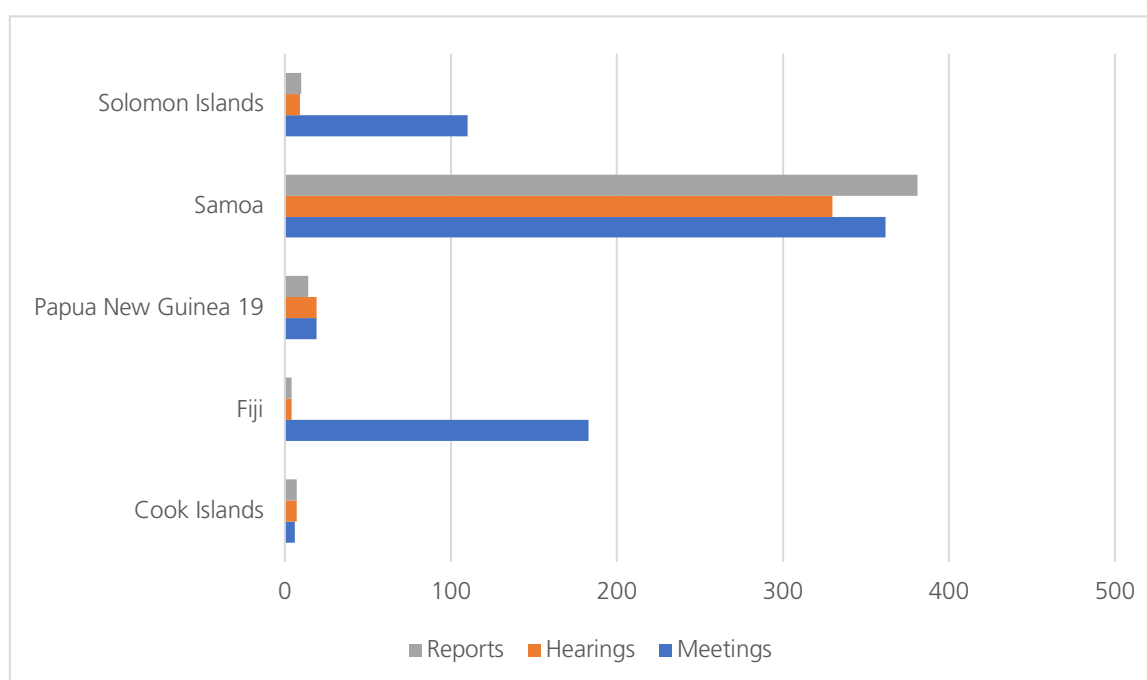
There is huge variation in the number PAC meetings held. The PAC in the Cook Islands had no meetings in 2015 or 2016 and six in 2017; Fiji had 30, 54 and 99, respectively; Papua New Guinea had 6, 5 and 8; Samoa had 137, 105 and 120; and the Solomon Islands had 37, 34 and 39, respectively (see Figure 9.5).

Considering annual averages, there is also considerable variation: from 2 meetings in the Cook Islands to more than 6 meetings in Papua New Guinea and to over 120 meetings a year in Samoa.

While the number of PAC meetings held in Fiji has increased every year, in Samoa and the Solomon Islands the number initially declined and then increased, while in Papua New Guinea, the number of meetings initially increased and then declined.

Not surprisingly, the number of inquiries completed by PACs also shows considerable variation. The number of completed inquiries varies from seven during the period 2015-17 in the Cook Islands to a total of 330 (yearly average of more than 110) in Samoa.

Figure 9.5 Number of Meetings, Inquiries and Reports



There is also variation in the number of reports published by PACs: As for meetings and inquiries, there are country variations over time. The number of PAC reports increased in the Cook Islands, Fiji, and Papua New Guinea but declined and then increased in Samoa and declined in the Solomon Islands. A big change over the past five years has been public access to hearings. The World Bank (2016) and Pelizzo (2013) reported that most Pacific PACs did not allow the public to their hearings, although there are limited and specific exceptions; in Fiji, for example, hearings are open to the public except on matters of national security, third-party confidential information, and personnel and human resource issues. In 2018, we found that the Cook

Islands, Fiji, and Papua New Guinea regularly had public meetings. (See also Table 9.7, regarding PEFA scores regarding hearings: the Solomon Islands and Vanuatu scored a “D”, PNG and Tuvalu a “B” and Samoa an “A”).

Table 9.7 Parliamentary Scrutiny of Audit Reports (PEFA Indicator 28)

	Timeliness of Examination of Audit Reports by Parliament	Extent of Hearings on Key Findings Undertaken by the Parliament	Issuance of Recommended Actions by Parliament & Implementation by the Executive
Fiji	–	–	–
Papua New Guinea	C	B	C
Samoa	B	A	D
Solomon Islands	D	D	D
Vanuatu	D	D	D
Tuvalu	B	B	B

Legend: – = not available

Source: Coulson and Gilchrist (2015); PEFA Secretariat

From the perspective of PEFA analysis, Coulson and Gilchrist also find wide variation across the region. As Table 9.7 illustrates, Samoa and Tuvalu score better (“B”) than PNG (“C”) or the Solomon Islands and Vanuatu regarding the timeliness of parliamentary examination of the audit reports, while Tuvalu performs better (“B”) in terms of follow-up to recommendations and implementation of corrective actions by the government, relative to PNG (“C”) and Samoa, the Solomon Islands, and Vanuatu (“D”).

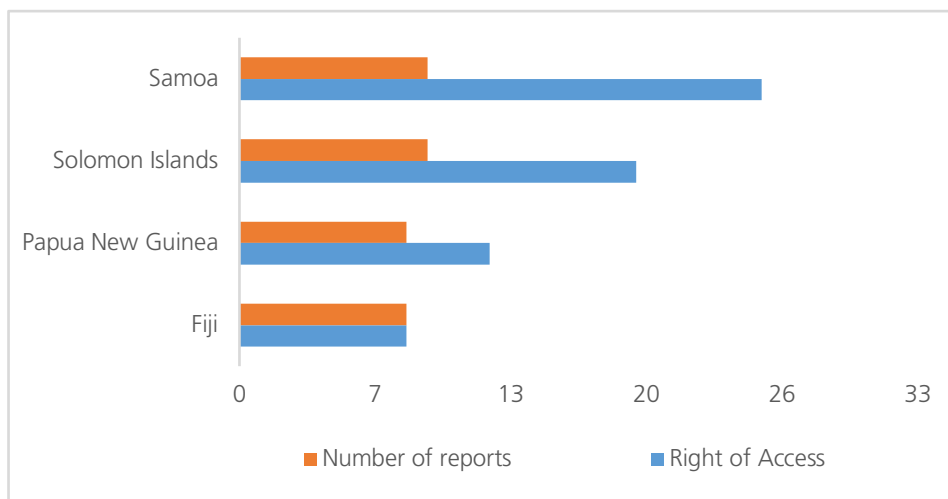
Our survey results also provide information regarding the sources, or origins of PAC work. Overall, for the region as a whole, more of the PACs’ work was referred to them by the Auditor General’s inquiries and reports while nearly a third was referred by parliament. The balance was self-initiated inquiries or requests by Ministers. Again, there is considerable variation across countries. In Tuvalu, all of the PAC work is referred by the Auditor General, while only around two-thirds of the PAC work in PNG and the Solomon Islands is referred by the Auditor General. Samoa is an interesting case: none of the PAC work is referred by the Auditor, rather parliament is responsible for *all* the PAC work there. By contrast, parliament refers 10 and 20 percent of PAC work in PNG and the Solomon Islands, respectively, for none of the work in Tuvalu. Ministers are responsible for 5 percent of the PAC work in PNG, but for none in the rest of the region. Self-initiated inquiries account for 10 and 25 percent of the PAC work in Solomon Islands and Papua New Guinea, respectively.

There is variation regarding committee decision-making. In Niue and the Solomon Islands, the committee is required to be unanimous in its decisions; elsewhere, decisions are made with simple minority voting, although most PACs allow for the representation of minority views. Interestingly, in Fiji minority reports are prohibited under Standing Orders but in practice, where there is disagreement, this is highlighted in a consolidated reports which reflects both majority and minority views.

Almost all PACs use media releases to inform the public of inquiry outcomes and/or recommendations. There is a wide diversity of other channels used by the committees to raise public awareness of their work, including radio, television, newspapers, websites and newsletters. Recently, in the Solomon Islands, the PAC has started using text messaging as well.

PAC activity appears not affected by either the powers of the committee nor by the committee's organizational characteristics. There is, however, a correlation between the access powers and the number of PAC reports produced (see figure 9.6). It is unclear, however, whether a causal relationship exists. Moreover, contrary to experience elsewhere, the number of staff members working for the PAC is not significantly related to measures of PAC activity.

Figure 9.6 Right of Access and Number of Reports



Conversely, the representation of opposition parties on a PAC is related, although not always significantly, to PAC activity. In countries where opposition parties are better represented, the PAC holds more hearings, conducts more inquiries and produces more reports. It would seem, therefore, that one way to improve PACs performance in the Pacific might be to ensure appropriate engagement of opposition parties with the committee.

Perhaps surprisingly, the total number of MPs on the PAC has limited effect on PAC activity in terms of hearings and inquiries, although it has a strong, negative effect on the number of reports. Surprisingly, the number of members on a PAC increases, the number of reports produced declines (see figure 9.7). Furthermore, and counter-intuitively, committees with opposition chairs have fewer committee hearings and produce fewer reports (see figures 9.8 and 9.9).

Figure 9.7 PAC Size and Number of Reports

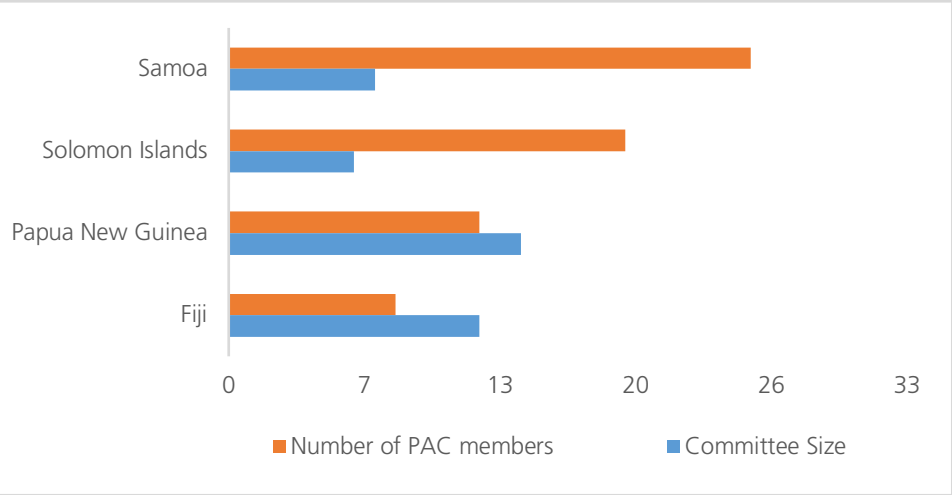


Figure 9.8 Opposition Party Chairperson, Number of Hearings

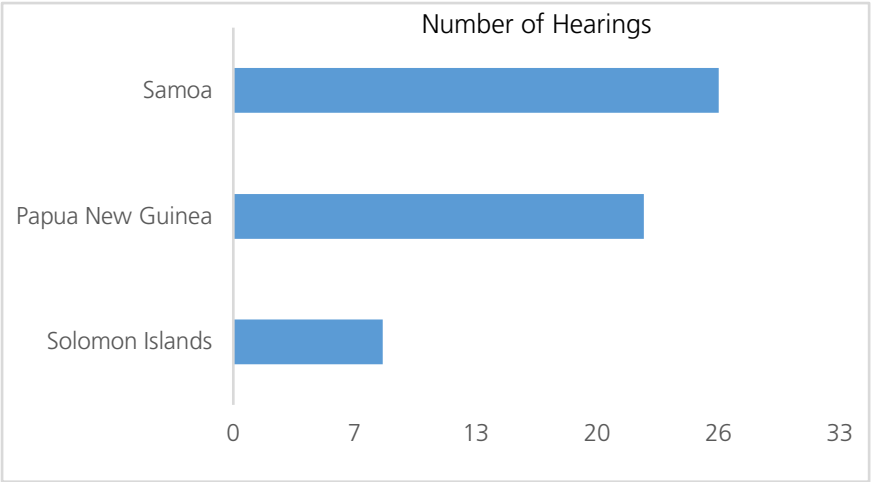
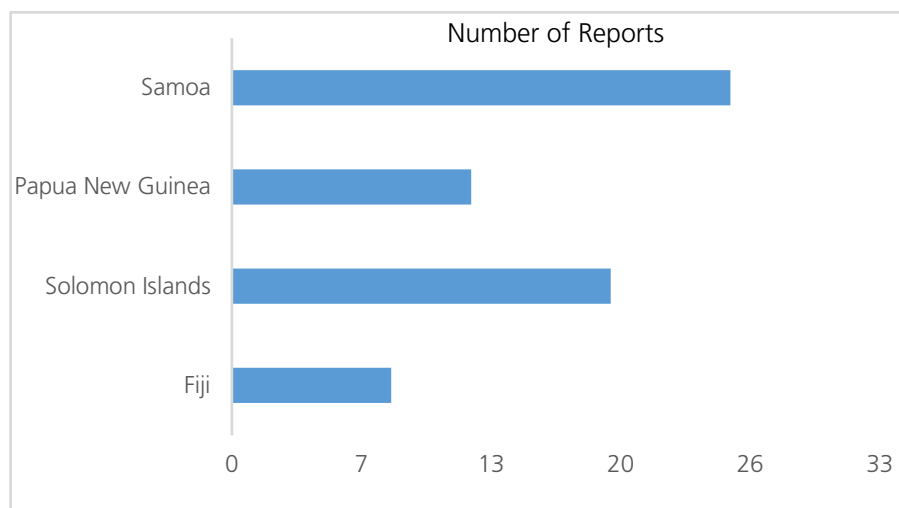


Figure 9.9 Opposition Party Chairperson and Number of Reports



The results presented here run counter to general assumptions and global experience regarding the impact of the size of the committee and its chairmanship on PAC performance (McGee 2002). Rather, they reinforce the notion that ‘one size does not fit all’ and that, when it comes to committee design and orientation, strategies and programs to build the capacity of PACs need to be adapted to national and regional situations.

Conclusions

The aim of this chapter was to provide a comparative analysis about the organization, powers, functions, and responsibilities of Pacific PACs and to provide some information on the activities performed by those PACs.

Initially, the influence of various PAC organizational factors on committee activity was analyzed. Specifically, the number of MPs on the committee, the number of staff supporting the committee, whether the chair is an opposition party MP, and the proportion of opposition MPs on the committee were considered. In addition, an assessment was made regarding various PAC powers, operations and relations to the Auditor General. Where appropriate, findings were compared with the World Bank PEFA scores for ex-ante and ex-post budget oversight by parliaments.

The results support the commonly held perception that there is rich diversity amongst Pacific PACs.

Regarding the overall PEFA scores, for example, PNG and Tuvalu score highest regarding the scope, nature and follow-up of external audit (PI 26), while PNG and Samoa score highest parliamentary scrutiny of the annual budget law (PI 27); and Samoa and Tuvalu score highest regarding PAC scrutiny of external audit reports (PI 28).

Looking at the individual PEFA sub-scores, again there is wide diversity: for PI 26 (scope, nature and follow-up of external audit), the score is highest across the region for the scope and nature of external audit (although Vanuatu scores poorly), and lowest for timeliness of audit reports to parliament (although Tuvalu scores well).

Regarding PI 27 (parliamentary scrutiny of budget estimates), the highest scoring sub-indicator is the extent to which parliament's procedures are well established and respected (with all countries scoring an "A" or a "B", except for Vanuatu which was not scored) and lowest for adequate time allowed for review and response to budget proposals (although PNG and Samoa scored fairly well). And finally, regarding parliamentary scrutiny of audit reports, the best performance regionally was for the extent of PAC hearings (although the Solomon Islands and Vanuatu scored poorly) while the worst was regarding issuance of recommendation and implementation by the executive, although here Tuvalu scored relatively well.

Beyond that, it was found that Pacific PACs have broader rights of access to information than PACs globally and have fewer committee members, better representation of opposition MPs on the committee. Surprisingly, it was noted that having government MPs chairing the committee is associated with higher levels of PAC activity.

Clearly, not all Pacific PACs are alike, and efforts to strengthen PACs in the region need country-focused approaches.

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Chapter 10

The Parliamentary Public Accounts Committee in the Antipodes: Australia and New Zealand

Kerry Jacobs

Introduction

This chapter reviews the range of structures, responsibilities, and working practices of public accounts committees (PACs) in Australia and New Zealand. The chapter uses two data sets for the review. The first data set was collected in 2005 by KPMG (2006) and includes the PAC-type committees in both state and national parliamentary jurisdictions. The second data set was collected from the Australian National (Commonwealth) Joint Committee of Public Accounts and Audit (JCPAA) in 2010 and from the New Zealand National Parliament in 2013.

Before 2002, the practices of the PACs and parliamentary financial oversight systems in Australia and New Zealand were largely unknown. However, McGee (2002) changed that with his introduction to what was going on with PACs and public spending across the Commonwealth countries. Since 2002, work by both practitioners and academics has increased substantially, exploring the nature and processes of parliamentary oversight, both internationally and in Australia and New Zealand specifically (Jacobs and Jones 2009; Jacobs, Jones, and Smith 2007; Jones and Jacobs 2006; KPMG 2006).

The Origins and Function of the Australian PAC

Although the current Australian JCPAA website claims that the organization's purpose (and, by implication, its powers) has remained unchanged since 1913, Jacobs and Jones (2009) refute this assertion by showing that the committee was disestablished in the 1930s only to be reestablished in 1952 (the Public Accounts and Audit Committee Act was issued in 1951). Spann (1975, 409) describes the 1913–32 Committee of Public Accounts as “comparatively unsuccessful” but suggests that, once it was reestablished in 1952 under the leadership of Francis Armand Bland (Jones and Jacobs 2014), it had a more substantial record of achievement (Spann 1979, 458). The 1952 Public Accounts and Audit Committee (PAAC) was established with ten members, three from the Senate and seven from the House of Representatives, which could form a subcommittee of three or more members to conduct an inquiry and could take evidence in public hearings.

Although the committee's primary duty was to examine the Commonwealth's receipts and expenditure accounts and the auditor general's (AG) reports, the chairman of the sixth committee (1964) described the committee's work as a “form of efficiency audit” that went beyond financial statements and audit reports by requiring departmental officers to give reasons for their actions and to evaluate the relative merits of their decisions (Reid 1968, 29). Hearings were conducted following the formal written submissions of the relevant departments and were customarily attended by observers from the AG, the Treasury, and the Public Service Board. The Treasury also prepared published minutes that contained agencies' replies and indicated any action to be taken on the committee's reports (Reid 1968; Spann 1975, 409). By the 1970s, the work of the

Joint Committee of Public Accounts (JCPA) concentrated on areas of weakness in the public service that were identified by the AG. Comments from a subsequent committee secretary (Talberg 1982) suggest that the PAC was equally concerned with inquiring into over- and underspending.

Funnell, Cooper, and Lee (2012, 100) review the JCPA's history and operation. They note that by 2012 the membership had risen from the original 10 members to 16 (10 from the House of Representatives and 6 from the Senate) and that it was normally chaired by the government (although it had an independent chair in 2010). In 1998, following changes in relevant legislation, the JCPA's name was changed to the Joint Committee of Public Accounts and Audit to recognize the committee's greater role in the appointment and finances of the AG. Although the role of examining receipts and expenditure remains, the JCPAA now tends to focus on examining the AG's reports (particularly the performance audits) and conducting its own inquiries.

Parliamentary Oversight in the Australian State Legislatures

Jacobs, Jones, and Smith (2007) summarize the year of establishment, the legislative basis, and the membership of the PACs across the Australian state legislatures. The first documented PAC was the Victorian PAC established in 1862; however, the Tasmanian PAC may have also commenced operations as early as 1862 (Jones and Jacobs 2006). New South Wales established its PAC in 1902. However, the major expansion occurred during 1970s and 1980s, when PACs were established in the Queensland and South Australian state parliaments, the Australian Capital Territory (ACT), and the Northern Territory. In addition, the long-established New South Wales and Victorian PACs were substantially reformed and granted additional powers.

Parliamentary Oversight in New Zealand

Parliamentary oversight in New Zealand differs from that of Australia because New Zealand now has the Finance and Expenditure Committee (FEC) rather than a PAC. In its current form, the FEC "considers matters relating to the audit of the financial statements of the New Zealand Government and departments, government finance, revenue and taxation."¹ However, it is different from PACs in most other jurisdictions because it shares the responsibility for reviewing AG reports, estimates, and financial reviews with other parliamentary committees. Both the name and the role of the FEC has changed over time.

Jones and Jacobs (2006) note that New Zealand has had a PAC since 1870, when it was still a British protectorate. However, the Audit Act of 1858, which provided for an audit of the public accountants of New Zealand (and therefore provided for an auditor), allowed the appointment of a select committee of three (an audit committee) that had most of the powers that might be expected of a modern PAC (e.g., calling for evidence and witnesses). Between 1840 and 1848, a board of audit was responsible to the Colonial Office and, through it, to the audit commissioners in England. An AG was first appointed in 1848 but was responsible to the colonial secretary until 1858. From 1858, the AG was responsible to parliament (Polaschek 1958), which had a house audit committee from 1858 to 1867 and a PAC from 1871 to 1962 (McGee 2005,

¹ For more information, please see the New Zealand Parliament website that describes the select committee on finance and expenditure, http://www.parliament.nz/en-NZ/PB/SC/Details/FinExp/0/8/b/00DBHOH_BBSC_SCFE_1-Business-before-the-Finance-and-Expenditure-Committee_e.htm.

451). In 1962, the PAC was renamed the Public Expenditure Committee, and other committees became involved in the estimate review process. The Public Expenditure Committee was renamed yet again in 1985 as the Finance and Expenditure Committee where both the ex ante expenditure reviews and the ex post accountability work were shared with other committees. Perhaps New Zealand is notable both for the number of name changes and for the tendency to share the financial oversight and accountability roles across many of the parliamentary committees.

Polaschek (1958) claims that in the 1950s the New Zealand PAC's primary work was to call on departmental heads to justify the amount of money that their department required for the following 12 months. In 1958, the New Zealand PAC comprised six government and four opposition members, and it was led by a government member. Polaschek notes that the government party usually appointed the minister of finance as one of its representatives in reviewing estimates. In theory, the PAC did not consider policy but reviewed the provision of the estimates in light of the policy and questions of adequacy and waste. Polaschek also raises concerns about the effectiveness of the New Zealand PAC in the 1950s and suggests that the committee would be more effective if it were chaired by a member of the opposition and if it presented a formal report to the House of Representatives. However, the AG reported directly to the parliament, and Polaschek noted that these reports would have captured more attention in parliament if they were "wider in context," rather than just being concerned with the legality and the "correctness" of spending limits (1958, 249).

McRobie (1978) suggests that, by the 1970s, the reputation and effectiveness of the then-named Public Expenditure Committee had significantly improved. Committee appointment was regarded as highly prestigious and was seen as an important pathway to ministerial appointment. In 1972, an ongoing liaison with the audit office was formalized and some of the classes of estimates would be referred to other select committees. At that time, nearly two-thirds of the postexpenditure reviews conducted by the Public Expenditure Committee originated from concerns raised by the AG about weak control of public funds, overexpenditure, and waste.

McRobie (1978) indicates that during this time the committee showed some reluctance to comment on government action and tended to foreclose debate by tabling reports late in the parliamentary year. McRobie (1978) was also critical of the fact that the Public Expenditure Committee continued to be chaired by members of parliament.

Powers, Responsibilities, and Functions of the PAC

Jacobs, Jones, and Smith (2007) note a clear divide in the ways the PACs across the New Zealand and Australian jurisdictions were established: four jurisdictions were established under standing orders, and six jurisdictions were established under legislation. In general, the older PACs were established on the basis of legislation, whereas more recently established PACs were established on the basis of standing orders. Australia's JCPAA continues to operate under the Public Accounts and Audit Committee Act of 1951, whereas the New Zealand FEC operates under the standing orders of the House (Jacobs, Jones, and Smith 2007).

In scope and mandate, Jacobs, Jones, and Smith (2007) note differences between different jurisdictions. All PACs are required to undertake inquiries referred by parliament or a minister (KPMG 2006). However, the Northern Territory PAC could not initiate its own inquiries: it could only act on a direct reference from parliament or a minister or on issues in the auditor's report to parliament (Jacobs, Jones, and Smith 2007, 30). Although all jurisdictions are involved in ex post scrutiny, only five are involved in ex ante scrutiny. In the case of Victoria, the Public Accounts and Estimates Committee has the role of both estimator and audit committee. The Northern Territory, ACT, and Western Australia have separate estimate review committees, but sometimes the membership overlaps with the PAC, or a PAC such as that of the ACT may review the estimates for certain bills (KPMG 2006).

The Australian Commonwealth JCPAA does not deal with estimates because select committees are responsible for estimates. In New Zealand, the FEC has primary responsibility for estimates, but it normally allocates this role to other select committees with particular technical expertise (KPMG 2006).

The access rights of the PACs in Australia and New Zealand are generally quite extensive and cover the full range of government entities, agencies, statutory authorities, and government-owned corporations. Increasingly, these rights also include the ability to follow the public funds provided to top nongovernmental entities. Although a few states have access to local government authorities, most PACs do not. In contrast, many PACs have full or restricted access to examining parliamentary and parliamentarians' expenditures (although not the Australian Commonwealth JCPAA).

In summary, the PACs in Australia and New Zealand generally have extensive powers to direct their own work, to explore issues ex post (and sometimes ex ante), and to follow public funds to determine the value for money of public expenditure.

Relations with the Auditor General

One substantive aspect of the work of PACs in Australia and New Zealand is in relation to the AG's work, which is generally regarded as a critical part of public accountability processes. However, the relationships between PACs and their AGs vary considerably (table 10.1). Although almost all PACs have a formal responsibility to review AG reports, only some have the power to refer matters to the AG for consideration.

Table 10.1 Relationship with the Auditor-General by Jurisdiction²

	ACT	NSW	NT	Queens-land	South Aus-tralia	Tas-mania	Victoria	Western Australia	Aus-tralia	New Zealand
<i>Auditor-General inquiries and reporting:</i>										
The Committee has formal responsibility for the examination of AG reports (a)	Y	Y	Y	Y	(b)	Y	Y	Y	Y	(c)
The Committee has the formal power to refer matters to the AG for consideration		Y		Y	(b)		Y		Y	(c)
<i>Appointment and removal of Auditor-General:</i>										
The Committee must be formally consulted in the appointment of the AG				Y						(d)
The Committee has the power to veto appointment of the AG	Y	Y							Y	
The Committee undertakes the selection process & recommends appointment of the AG							Y			
The Committee must be formally consulted in the removal of the AG		Y					Y			(d)
The Committee must approve the removal of the AG				Y						
<i>Independent review of Audit Office:</i>										
The Committee is responsible, or must be formally consulted, in the appointment and removal of the independent auditor of the Audit Office		Y					Y		Y	
The Committee is formally involved in the strategic review of Audit Office performance	Y	Y #	Y #	Y #			Y #		Y	
<p>Note: This table reflects practices as set out in either the relevant legislation or Standing Orders. Actual practice may differ depending on convention in the relevant jurisdiction.</p> <p>Legend: ‘#’ = every three years; ‘A’ = usually, the PAC is the only committee with the mandate to examine AG reports; however, this is not always the case – in some jurisdictions, other committees can examine Auditor-General reports if the subject of the report is in the Committee’s portfolio area; ‘B’ = while the South Australian Economic and Finance Committee has a working relationship with the State’s Auditor-General, the committee’s terms of reference does not require the review of AG reports; ‘C’ = the New Zealand FEC rarely examines AG reports, despite it being within their mandate to do so; ‘D’ = the appointment and removal of the New Zealand Auditor-General is handled by the Speaker who is advised by a separate committee (KPMG, 2006, personal correspondence FEC 2013).</p>										

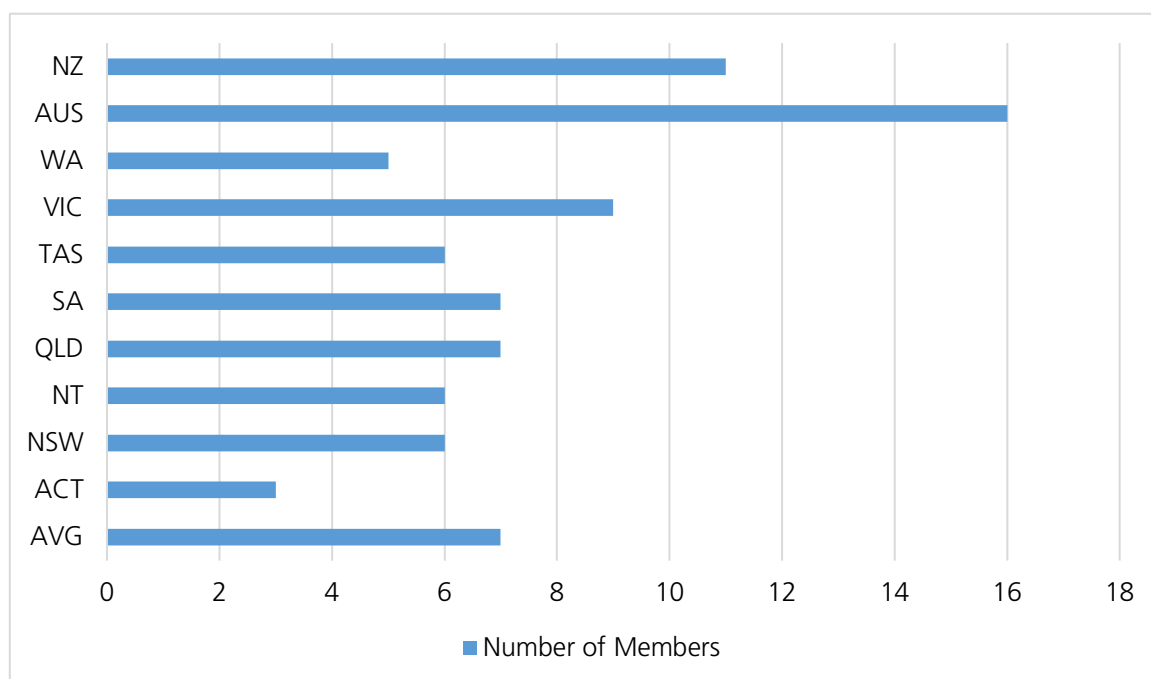
² Adapted from KPMG, 2006, p. 14; Jacobs et al., 2007, p. 33

The Victorian Public Accounts and Estimates Committee is unusual because it has a formal role in selecting and appointing the AG. Several others have an advisory role (Queensland) or veto powers (ACT, New South Wales, and the Australian Commonwealth JCPAA). Others, including the New Zealand FEC, have no direct involvement. New South Wales, Victoria, and Australian Commonwealth PACs are involved in appointing the AG's auditor, and many are also involved in reviewing the AG's performance. Three jurisdictions (Victoria, Australia, and New Zealand) have a formal requirement that the PAC be consulted when determining the audit office's priorities and planning. However, the AG is not required to adopt the recommendations put forward by the PAC as part of this process. Another interesting trend is the increasing orientation of certain PACs (most notably Victoria's) toward functioning in a supervisory role in relation to the AG.

Membership and Leadership

The general belief is that PAC membership groups work best if they are small and stable. The average size of Australian and New Zealand PACs is seven members (figure 10.1). The Australian Commonwealth JCPAA is significantly larger than average, at 16 members (and higher than the Commonwealth average of 11), and the New Zealand FEC, with 11 members, is comparable to the Commonwealth average. The Victorian Public Accounts and Estimates Committee, with nine members, is higher than the other states, which reflects its extra estimate review responsibilities.

Figure 10.1 PAC Membership Numbers by Jurisdiction



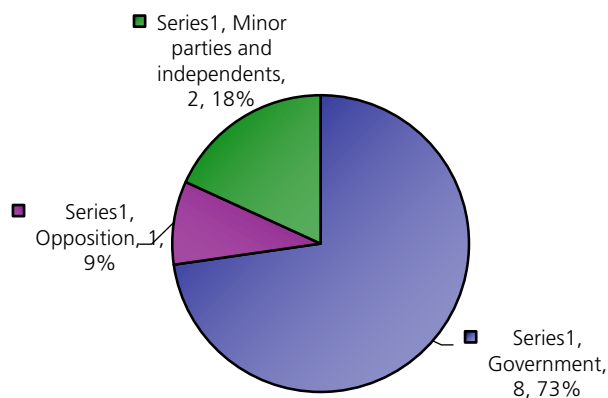
Note: AUS = Australia; AVG = average; ACT = Australian Capital Territory; NSW = New South Wales; NT = Northern Territory; NZ = New Zealand; QLD = Queensland; SA = South Australia; TAS = Tasmania; VIC = Victoria; WA = Western Australia.

Source: KPMG, 2006, 18; figure data updated from Australia, 2010, and New Zealand, 2013.

Political party representation on the PAC is normally selected in proportion to electoral representation. In most cases, this aim is not formally stated by legislation or standing orders; however, in Queensland, the composition of the committee is covered in the enabling legislation, and in New Zealand, the standing orders state that PAC membership must be proportional to the party split of parliamentary membership (KPMG 2006). Therefore, with the exception of the Tasmanian Parliament and the ACT Assembly, both of which often have high numbers of independents or minor parties, most of the PACs draw a majority of their members from the party that is in government.

For PAC leadership, the norm in both Australian and New Zealand PACs is different from what is normally found in the Commonwealth. In most Commonwealth countries, PACs are chaired by nongovernment members, and the argument is that this approach promotes the PACs' independence (see McGee 2002). However, in Australia, the majority of the PACs are chaired by government members (see figure 10.2) under the rationale that a government member is better able to advocate that PAC recommendations be accepted and implemented by the government. In most cases, the chair of the committee is not mandated by convention; however, the Northern Territory Assembly includes the government chair in the standing orders. In contrast, the one PAC with an opposition chair is the ACT legislative assembly, which is the smallest. Tasmania has historically had an independent as PAC chair. The Australian Commonwealth JCPAA adopted an independent chair for the 43rd Parliament (2010–13); however, this action is best understood as a response to the minority government context rather than a change in normal practice.

Figure 10.2 Alignment of PACs' Chairs



Source: KPMG, 2006, 27; figure data updated by author.

PAC Workload and Meetings

Both the KPMG (2006) report and Jacobs, Jones, and Smith (2007) suggest that the nature and scope of work between different PACs differ considerably. Given PACs' historical origins and their general objectives, their main area of work might be assumed to be in following up on reports that they receive from the AG.

However, Jacobs, Jones, and Smith (2007) illustrate that this is not necessarily the case, at least in the Australasian context. Although most PACs have had a role in reviewing annual reports, a few have not (Tasmania, ACT, and New Zealand). In addition, Jacobs, Jones, and Smith (2007) categorize the PACs into those that have reviewed or conducted a follow-up inquiry for at least one AG report each year (high) and those that have not (low). In the high group, Jacobs, Jones, and Smith (2007) include Queensland, New South Wales, Victoria, ACT, and the Australian Commonwealth JCPAA. The low PACs were Western Australia, Northern Territory, Tasmania, and New Zealand. In the 2001–04 period, the Western Australian and Tasmanian PACs focused more on self-initiated or referred inquiries, and the New Zealand FEC tended to delegate the reports to other committees and to focus predominantly on the estimate review process and financial reviews.

The average number of reports generated per year per PAC between 2001 and 2005 was about three. However, the scale of these different reports varied significantly. The JCPAA reported that it generated three reports for each of the 2005–06 and 2006–07 years, one for the election year 2007–08, and four for the year 2008–09. However, these responses include only major inquiries that could easily be extended over longer periods and other responsibilities such as the oversight of the parliamentary budget office and the annual hearing with the taxation commissioner were not included in this count. The New Zealand FEC reported a relatively large number of reports and publications: 9 in 2009–10, 11 in 2010–11, and 13 in 2011–12. Although many of these were estimate issues or financial reviews conducted over shorter periods (less than three months), these figures still demonstrate a very high level of activity and output.

Committee Hearings and Witnesses

KPMG (2006) and Jacobs, Jones, and Smith (2007) suggest that the committees conducted an average annual number of 22 deliberative meetings and 12 hearings (including subcommittee hearings) each year. The average for the two national jurisdictions and the state of Victoria was about 30 meetings. The ACT PAC was much higher, with 40 meetings per year. Victoria, with about 30 meetings a year, also had many more meetings than the average. When updated, the number of the Australian Commonwealth JCPAA's meetings remained high, with an average of 42 meetings (committee and subcommittee). In contrast, the New Zealand average was about 38 meetings.

KPMG (2006) indicates that although deliberative meetings are not normally open to the public, hearings are, and taking evidence in camera is the exception rather than the rule (it is usually exercised only at the request of a witness or when particularly sensitive or confidential information is being presented). When witness evidence is being presented to most PACs, the evidence cannot be subject to legal action because it is protected under parliamentary privilege. However, most PACs rely on a witness to respond to an invitation to appear rather than using their power to summon (although New Zealand does not have the power to summon at all). For most PACs, ministers rarely appear as a witness (notable exceptions are the New Zealand FEC and the ACT PAC). However, the most common witnesses are departmental officials and the AG.

Reporting Inquiry Findings and Recommendations

From a practical perspective, although a PAC report is technically presented by the chair of the committee, the committee secretary (clerk) and other staff members actually draft and prepare the report. All PACs have the power to present reports that represent the position of the majority of members. Although a PAC will strive to table a unanimous report that reflects a consensus across the different political perspectives and objectives of the members, that is not always possible to achieve. Some PACs have the power to include minority or differing views in their reports if consensus is not possible.

The main mechanism for PAC reporting is tabling the reports in parliament. All PACs can table their reports out of a parliamentary session, although only in rare situations (such as a pending election) is this done. In some jurisdictions, the reports are regularly debated in parliament; in others, they rarely are. Although formal communication strategies are unusual, PACs draw on media releases, the Internet, and e-mail to inform the public of inquiries and completed reports. Two PACs—the ACT PAC and the New Zealand FEC—do not produce an annual report, but all of the other PACs do. Those reports primarily include a summary of the activities undertaken and the reports produced.

KPMG (2006) notes that the executive is not required to respond to the reports or recommendations in the Northern Territory and Tasmanian PACs. However, a formal response from government is required in most jurisdictions, with a time frame varying between three and six months (three months is the most common). The responsibility for responding normally falls with the portfolio minister. In addition, in most (64 percent) of the jurisdictions where a government provides a response, the requirement is only that the response be tabled in parliament, not that evidence be shown that the issue has been resolved. Although PACs do have the power to reopen an inquiry when the response has not been adequate, most rely on informal rather than formal measures to monitor the implementation of their recommendations.

A few PACs have sought to measure and benchmark their own performance. The most common PAC performance measure is the number of PAC recommendations that the government has adopted. Several PACs also have measurements for activities, including the number of reports tabled, hearings conducted, and meetings held (Jacobs, Jones, and Smith 2007). KPMG (2006) notes that the ACT legislature requires government agencies to disclose the status of government-accepted PAC recommendations in their annual reports.

Conclusion

Although the PACs across Australia and New Zealand share a strong common history through the influence of the British colonial archetype, diversity can be seen in both structure and practice. Yet certain common elements and themes also occur. Most of the PACs in the area are chaired by government members, they have close working relationships with the AG, and they have a strong tradition of producing reports and reviews that directly influence policy delivery and departmental performance.

A major driver for the reestablishment of the Australian Commonwealth PAC, now known as the Joint Committee of Public Accounts and Audit (JCPAA), was the growing gap between the power of parliament

and the powers of the executive in the form of the elected government (see Jones and Jacobs 2014). This committee is notable in that it shared membership across both the Australian House of Representatives and the Senate. Its work strongly focused on a form of efficiency audit that was associated with reviewing the AG's reports and conducting public hearings. Most commonly, public hearings were chaired by a government member; ex ante issues associated with appropriations were dealt with by another committee. Generally, similar practices are evident in the other Australian PACs (the use of government chairs and a focus on the work of the AG), although examples of local variations can be seen. In contrast, the New Zealand PAC took responsibility for review of estimates, although such review subcommittees also tended to be chaired by a government member. However, in 1985, the differences between Australia's and New Zealand's PACs were magnified when New Zealand's PAC was transformed into the FEC and it started to share the responsibility for reviewing AG reports, debating estimates, and maintaining financial oversight with other parliamentary committees. In that sense, the two jurisdictions reflect distinctly different approaches to parliamentary oversight and accountability, in particular the expenditure review role and the primacy of the relationship between the PAC and the AG.

The structural and historical differences between the Australian Commonwealth JCPAA and the New Zealand FEC are reflected in the difference in the relationship between the committee and the AG in these two jurisdictions. The JCPAA has a much closer relationship with the AG; that is, the JCPAA consults on the AG's work program, examines the AG's reports, and influences the AG's appointment. In contrast, the FEC's relationship with the AG is much less direct and engaged. In addition, variation also occurs across the PACs of the different Australian states, with some (most notably Victoria) having a greater engagement with the AG and some (such as South Australia) having less engagement.

In size, national PACs are notably larger than the state-based PACs, whose average membership is 7 compared with the JCPAA membership of 16 and the New Zealand FEC membership of 11. Although not universal, these committees typically are chaired by government members. The exceptions are the ACT and Tasmania, which historically have had independent or opposition chairs, and the JCPAA, which changed its normal practice and was chaired by an independent for the 43rd Parliament. The average number of reports produced per year by a PAC between 2001 and 2003 was about 3, the average number of deliberative meetings was 22, and the average number of hearings (including subcommittee hearings) was 12.

In conclusion, the activities of the PACs in Australia and New Zealand suggest a highly active and engaged group of members who have strong links to the local AG and a clear commitment to promote positive change in their jurisdiction. In a relatively homogeneous area with strong common historical and governmental traditions, an interesting diversity in work focus and approach has emerged. This finding suggests that the aim should not be to find one best approach to parliamentary oversight and governance but that several different models could be equally effective.

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Chapter 11

Public Accounts Committees in the Caribbean Region

Niall Johnston

Introduction

This chapter is an expanded version of an unpublished report prepared from surveys completed during the inaugural meeting of the Caribbean Network of Public Accounts Committees (CarNPAC) held in Port of Spain, Trinidad and Tobago, from 23 – 24 November 2015. Representatives from Trinidad and Tobago, the Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Bermuda, British Virgin Islands (BVI), Cayman Islands and Nevis Island participated in that meeting.

The survey, a shortened version of the Commonwealth Parliamentary Association PAC survey, sought to understand the Caribbean PACs in terms of their powers and responsibilities, membership and leadership, processes and working practices, relationship with other committees and the Supreme Audit Institution (SAI), access to resources and support as well as the evaluation of their performances. In the conclusion, respondents were asked to share their opinions on the principal reform measures most desired for the current parliamentary systems in their countries.

Elected political institutions in the Caribbean are almost equally divided between unicameral and bicameral legislatures in terms of structure. In terms of the authority under which the PAC operates, this varies widely. In Bermuda, British Virgin Islands and Nevis Island, the PAC operates under the Constitution; in Belize the PAC operates under primary legislation; in the Cayman Islands, the Bahamas, Barbados and Jamaica the PAC operates under both the Constitution and primary legislation; in Guyana the PAC operates under secondary legislations; and finally, in Grenada the PAC operates under both the Constitution and secondary legislation.

Functions and Responsibilities of the PAC

In examining how public monies are spent, such as in examining accounts, contracts and/or general financial management, PACs have the right of access to a diverse number of institutions, organizations and public offices. Most of the PACs have access to Ministers' and local authorities' accounts and almost all PACs have access to the Parliament itself and its expenditures records.

The survey largely examined the functions and responsibilities of PAC in relation to government accounts and operations, SAI reports and SAI operations. In respect of government accounts and operations, all PACs except from the Grenadian PAC have a role in the examination of budget estimates. PACs in countries such as Nevis Island, Guyana, BVI, Bermuda and the Cayman Islands have additional powers in considering budget estimates (other than those of the SAI) and the efficiency of government policy.

When it comes to the efficiency, economy and effectiveness of policy implementation (i.e. value for money), most PACs do have considerable powers – nonetheless, this is not the case for a few countries such as

Barbados, Belize and BVI. Encouragingly, with a few exceptions where restrictions are applied such as in the Cayman Islands and Belize, all PACs have the power to undertake self-initiated inquiries. Moreover, there is an overwhelming commonality amongst PACs relative to SAI reports, where almost all PACs have the power to examine SAI compliance, financial audit and performance reports. In most countries PACs also have the right to refer matters to the SAI for investigation. Finally, PACs tend to have a relatively similar relationship with the SAI across most countries in aspects related to the determination of SAI priorities, the development of the SAI annual plan as well as in the assessment of SAI performance. Exceptions include PACs from Jamaica and Bermuda where the PAC has almost zero influence in SAI operations, in Grenada where the PAC does not influence the development of the SAI annual plan and the Cayman Islands where the PAC does not assess SAI performance.

It is worth mentioning that, for functions referred to in the survey where the PAC has no or limited power, in most cases another parliamentary committee was empowered to undertake those functions, such as the Public Administration and Appropriations Committee in Jamaica, the Finance Committee in Grenada and Cayman Islands, and the Committee of the Office of the Auditor in Bermuda, in which half of its members sit at the PAC. However, in Barbados, Nevis Island and the Bahamas, amongst others, there simply isn't another committee in charge of undertaking such functions.

Membership and Leadership of the Committee

Most PACs have between two to five of their members who also sit on other committees, counting for more than 50% of the committee members seating on other committees. In countries like Bermuda all members of the PAC sit on other committees and in Jamaica about 6-8 committee PAC members sit on other committees. Only in countries such as the Bahamas and Grenada do PAC members not sit on other committees. Furthermore, on average PAC members who sit on other committees do so on an average of 2-3 committees. Across all PACs, members are Members of Parliament, with the exception of Guyana where the Auditor General and Accountant General have permanent seats. It is also noticed that, in almost half of the PACs in the Caribbean region, including Bermuda, Grenada, Nevis and the Cayman Islands, a Minister is not allowed to have a seat on the committee. In Jamaica, however, this restriction applies only to junior ministers. Lastly, the biggest disparity across the Caribbean PACs is perhaps noticeable in the average attendance rates amongst members and frequency of meetings, ranging from 95% attendance rates to situations where PACs not having met for years or have only met on a very irregular schedule.

Processes and Working Practices

Setting the Agenda

Across Caribbean countries, survey results show that the frequency of meetings varies significantly across the financial years 2012 to 2015. In countries such as the Cayman Islands, BVI and Jamaica, the PAC met approximately ten times a year, whereas in most other countries the PAC met on only a few occasions or not at all. See table 11.1.

Table 11.1 PAC Meetings

	Year 1	Year 2	Year 3
Barbados	<10	<10	<10
Belize			
Bermuda			
British Virgin Islands		<10	10-19
Cayman islands	<10	10-19	10-19
Grenada	<10	<10	<10
Guyana			
Jamaica	10-19	10-19	20-30
Nevis Island Assembly			
The Bahamas	<10	10-19	<10

Public access to hearings is another critical element of PAC operations and here again the landscape amongst Caribbean PACs is divided. Whereas most PAC meetings are open to the public, this is not the case in BVI, the Cayman Islands and Guyana where only the press is allowed to take part. In Belize, proceedings are broadcast live but there is no direct access to meetings. In the Bahamas, there are no public hearings but a decision was taken recently to have public hearings in future. Lastly, in Grenada, although there is public access to PAC hearings, the challenge is in finding adequate space owing to the small size of committee rooms.

In issues related to prioritizing the workload, the agenda for meetings is determined by the Chairperson in almost every PAC. In some cases, committee members may contribute to agenda items. This similarity is also applied in the Committees' formal planning processes which usually extend throughout the current year. Lastly, only PACs in Grenada and Jamaica have established sub-committees.

Initiating an Inquiry

The survey looked at some of the elements in establishing the terms of reference for a PAC inquiry. For example, one can ask what proportion of Committee activities (inquiries and reports) have been initiated by the SAI, Parliament, a minister or the Committee over the period of the survey? Although data is incomplete, the majority of inquiries appear to have been initiated by the SAI, followed by the Committee itself and lastly the parliament – inquiries were never initiated by a minister. Clearly, the process for establishing the terms of reference for a Committee inquiry vary – in some cases the process is very informal or no terms of reference exist. In other instances, such as in Belize, the PAC Chair together with two members establishes the terms of reference, or in countries like Grenada the terms of reference are established by the SAI. In Jamaica and Barbados, the terms of reference are defined by committee Standing Orders with no other parties being consulted. See table 11.2.

Table 11.2 PAC Powers

	BB	BM	BS	BZ	GD	GY	JM	KY	NV	VG
Examination of Budget Estimates	Yes	Yes	No	–	No	Yes	No	Yes	Yes	Yes
Verification of Audit and Financial Statements	Yes	Yes	Yes	Some	No	Yes	Yes	Yes	–	Yes
Efficiency, Economy and Effectiveness of Policy	No	Yes	Yes	–	No	Yes	No	Yes	Yes	Yes
Efficiency, Economy and Effectiveness of Policy (VFM)	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Some	No
Effectiveness of Implementation (outcomes)	No	Yes	–	No	Yes	Yes	Yes	No	–	–
Undertake Self-Initiated Inquiries	Yes	Yes	Yes	Some	Yes	Yes	Yes	Some	Yes	Yes
Examine SAI Compliance Reports	Yes	–	Yes	–	Yes	Yes	Yes	Yes	Yes	Yes
Examine SAI Performance Reports	Yes	–	No	Some	Yes	Yes	Yes	Yes	Yes	Yes
Refer Matters to SAI	Yes	–	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Determination of SAI priorities	Some	No	Yes	Some	Some	Yes	No	Yes	Some	Yes
Development of SAI annual plan	Some	No	Yes	Some	No	Yes	No	Yes	–	Yes
Assess SAI performance	Yes	No	Yes	No	Yes	Yes	No	No	Yes	Yes
Examination of Budget Estimates	Yes	Yes	No	–	No	Yes	No	Yes	Yes	Yes

Note: – = data not available. BB= Barbados; BM = Bermuda; BS = Bahamas; BZ = Belize; GD = Grenada; JM = Jamaica; KY = Guyana; NV = Nevis; VG = British Virgin Islands

When looking at the business processes for committee hearings, respondents were asked to reveal who is normally summoned as a witness to Committee hearings. This resulted in a long list, which included Ministers, departmental officials, SAI officials, statutory authorities, government boards, interest groups/peak groups, academics/specialists, parliamentarians and non-government organizations. Across the board from all PACs surveyed, almost all stated that both officials and entities were subject to being summoned as witness to the hearings.

Reporting Inquiry Findings and Recommendations

Achieving consensus. Only in Jamaica is the Committee required to be unanimous in its decisions whilst in the rest of the PACs decisions are taken using simple majority voting. Since most decision are taken based on majority voting, most PACs allow for some form of minority report to be produced. Minority views are usually submitted by convention, rather than being mandated by regulations, and can also be attached to the main report. In Belize, no minority report is ever produced.

Reporting to Parliament and reporting to the public. All PACs report directly to Parliament, with their reports being tabled, and never report through a Minister or other intervening mechanism and all reports are eligible to be subjected to Parliamentary debate. In Grenada, Guyana and the British Virgin Islands, reports cannot be tabled reports out of session but this is possible in other jurisdictions.

A significant part of the business processes and working practices of a PAC, in terms of reporting inquiry findings and recommendations, has to do with the mechanisms committees employ to raise public awareness of upcoming inquiries/reports as well as in informing the public of inquiry outcomes/recommendations. For the latter, almost all committees use media releases to inform the public of the inquiry outcomes and/or recommendations. In terms of raising public awareness for upcoming inquiries, although there are multiple approaches adopted by the committees, this would appear to be done in a rather scattered way. From using radio, TV, newspapers, online portals and newsletters, PACs in the Caribbean use different media tools and none of them have a formal communication strategy.

Whereas there is incomplete data as to whether committees publish an annual report on their audit activities, the ones that do publish an annual report vary significantly when it comes to when the report is issued in practice (excluding years influenced by elections). For example, in Jamaica, Guyana and the Cayman Islands the report is published within three months of year-end. Conversely, in countries like BVI and Belize the report is published over 12 months after year-end.

Following Up on an Inquiry

Executive response. A similar split in practice is also noticed when it comes to following up on inquiry recommendations. In countries such as Guyana, the Cayman Islands and Belize, the Executive is required to formally respond to committee reports/recommendations, whereas in BVI, Bermuda, Grenada and Jamaica there is no such requirement. Additionally, a major gap is noticed in the processes that are in place to monitor and follow-up implementation of government responses to committee recommendations. With exceptions such as PACs in Jamaica and Grenada, where the SAI is responsible for the monitoring of the implementation of government responses to committee recommendations, most countries do not seem to have any effective ex-post monitoring processes or mechanisms. Finally, there is lack of clarity and information on what procedures are there in place for the committee to ensure continuity of proceedings across Parliamentary terms and changes in Government (e.g. inquiries still in progress when an election is called). In most PACs there is no formal transition or there are ambiguities in the stated procedures for transition.

Committee Access to Resources and Support

Continuing education of Committee members. Access to resources and support for PAC members and staff is a crucial theme in the survey and various deficiencies in sufficient resources, training and support are identified across the region. Overall, there is no formal training for any of the PACs, with some PAC members and staff taking part in no training whatsoever, such as in Guyana, Bahamas and Jamaica. In BVI the Parliament sends PAC members to a few training events and in Bermuda the House Speaker occasionally invites members to attend seminars and workshops. In the Cayman Islands and Grenada, PACs members often take part in trainings offered by the World Bank Group or the Commonwealth Parliamentary Association.

Significant gaps are also noticed in the human resources support that is allocated to PACs. Only PACs in Jamaica and the Cayman Islands have a full time dedicated staff. In most PACs, committee staff are either shared with other committees, or is provided by a government department or the SAI.

Access to external support. In terms of accessing external support, to the question regarding who else would normally be expected to attend Committee meetings in addition to Committee members, SAI representatives (Auditors General and staff) have a dominant presence across PACs in the region. Other external presences include the Ministry of Finance (Secretary, Accountant General and their staff). Due to this strong presence in committee meetings, members were also asked to reflect on the involvement that the SAI's staff normally have in the ongoing business of the committee. In most cases they provide expertise to the reports, answer questions and provide advice. For example, in Jamaica they conduct audits and verification exercises and provide information incorporated in the Auditor-General's reports. Lastly, except for Jamaica, PACs in the Caribbean region do not use external advisors/experts to assist in the conduct of specific committee inquiries and writing of reports (other than in a witness capacity).

Committee member allowances, funding and expenditure. Committee member allowances, funding and expenditure are also explored in the survey. The PAC in Jamaica is the only committee providing members with allowances for serving on the committee. These allowances are similar to those provided for serving on other Parliamentary committees. As far as funding is concerned, two practices are noticed: either there is no separate funding provided, or it is included in the budget allocation to the parliament. None of the PACs receive funding from independent resources.

Relationships with Other Committees

The PAC relationship with other parliamentary committees and with committees of other Parliaments is also covered by the survey. Whereas there are no other parliamentary committees involved in scrutinizing audit reports, PAC members sit as a committee 'representative' on other parliamentary committees in most countries. In Bermuda, some PAC members sit on the Committee of the Office of the Auditor General, House Committee and Committee of the Chairman; in Grenada, PAC members sit on the Finance Committee; in Barbados, any committee that provides a nomination for a PAC member is accepted; in BVI, the practice is inconsistent.

When asked about the interactions that their PACs have with audit Committees in other national and international jurisdictions, respondents reveal that there really is no significant interaction. Answers include "very little" or "no real connection", with the Jamaican PAC occasionally sending visiting delegations and the Grenadian PAC having a limited relationship with the Caribbean Organization of SAIs (CAROSAI). None of the committees have protocols in place for communicating with other audit Committees where identified concerns/developments have cross-jurisdictional relevance. Additionally, an across the board lack of monitoring and evaluation mechanisms of the committees' performance is noticed. None of the committees has adopted a formal mechanism for measuring their performance and none of them have obtained external assistance in reviewing their practices and procedures.

Survey Conclusions

In the concluding segment of the survey, PAC members and clerks were asked to note down what in their opinion are the main reform measures desired for the current parliamentary system in their country based on the below viewpoints:

According to public opinion. In the Bahamas, the committee is seen as a “toothless tiger” and in Barbados, according to public opinion, there is need for greater access (Open Government). In Bermuda, a timely audit submission and enforced discipline to recover lost funds is needed and for BVI there is a need to be more transparent with practices whereas in Jamaica there is need for greater scrutiny than presently exists there.

According to the public administration. In Barbados, according to the public administration there is need for more support staff and engagement to developing the priorities for the work of the PAC. There is also a need for an earlier presentation of reports from government entities (e.g. SAI). In Bermuda, there is need for enforcement of adherence to financial institutions. In Jamaica, public administration officials as a whole are generally more responsive and transparent, but need to be even more eager to be totally open.

According to governing part MPs. According to parliamentarians who support the government, in Barbados there is need for consultations/agreements on set dates for the gathering of PAC. In Bermuda there needs to be a bigger push for the enforcement of decisions and recommendations whereas in BVI more involvement with the governing process is desired.

According to opposition part MPs. According to the parliamentarians and other politicians of the opposition, in Barbados there is need for additional support staff, more consultation with the government on the functioning of the committees and the parliamentary agenda. In Jamaica there is need to fix the election code to bring greater consistency and predictability for good governance. In BVI the need is a cry for discipline and enforcement.

After the Survey

CarNPAC has identified five priority areas of work that it wishes to undertake:

- g) Effective autonomy;
- h) Enforcement of regulations;
- i) PAC culture and effectiveness;
- j) Staff support; and
- k) Quorum and reports.

The challenge for PACs in the region will be how to utilize the network as a sustainable resource. Currently, supported by the World Bank Group and Commonwealth Parliamentary Association, there are indications that it will need to become self-sufficient in the short to mid-term. Whilst this will be challenging, it is encouraging to see that PACs within the region have used to the survey to identify how they can provide mutual support and a learning platform from within their own experiences.

The CarNPAC core group has already adopted virtual meetings and the use of emerging technology and it may well be that these practices can be used to benefit individual PACs as they work through their own self-assessments of how to improve their effectiveness and consolidate good practice in their business processes.

Of particular interest is the fact that both the survey and CarNPAC own discussions have established that there is little real difference in the challenges faced by both PACs of sovereign parliaments and those of UK Dependent Territories (DTs). There had, initially, been a tendency to assume that DTs would have very different concerns from independent countries but this does not appear to be the case. What differences do appear to exist, seem to be those of scale rather than of substance; for example, DTs tend to struggle with balancing the overall small number of elected representatives with trying to operate a Westminster-style committee system in any meaningful way.

Conclusions

Echoing the survey results, and drilling down on parliamentary oversight in Trinidad & Tobago and Grenada, recent research by Stapenhurst et al (forthcoming) presented conclusions of relevance to other small island states in the Caribbean.

Executive Domination of Parliament

There is a perception that government dominates oversight institutions. To counter this, such institutions must not only *be* constitutionally independent, but must be *perceived* independent. Having them report to parliament would be a first step. The oversight institutions, and indeed parliaments themselves, need financial autonomy and freedom to manage human resources. If oversight institutions are dependent on government departments or public agencies controlled by government, they are likely under-resourced. The general public and public sector officials are mostly unaware of the mandate, work and output of oversight institutions.

To counteract executive dominance, Trinidad & Tobago and Grenada have established Senates which allow for opposition and independent Senators, the latter representing citizen groups and associations. Parliaments need to pro-actively reach out to civil society groups, with the aim of giving these organizations 'voice' and boosting information from the public that could help strengthen oversight.

Challenges and Solutions Regarding Parliamentary Oversight in Small States

Research by Stapenhurst et al (forthcoming) indicates that the issues and weaknesses in parliamentary oversight are fundamentally different in small countries than in large, and that one cannot generalize across small countries. Most international organizations and donor agencies accept this, but given the lack of evidence about how oversight in small countries works, they fall back on archetype institutions.

One problem that affects Caribbean and other small Commonwealth states as well, is that the Westminster-form of parliamentary governance is not suited to small states. Certain facets of 'the Westminster' system need to be relaxed, to reflect the contextual differences between the United Kingdom and larger Commonwealth states and smaller island economies. For example, given the small number of elected MPs, joint House-Senate committees should be established and Ministers membership should be allowed to sit on

Committees, although not to committees that oversee their departments. Committee membership could include appointees from the public at large, as is the case in some Pacific islands. To overcome the lack of resources, staff from the Auditor General's office could routinely support the PAC and the limited staff resources in parliament could be supplemented by college or high-school interns.

A more common problem, which larger states also face, but which is perhaps more acute in small countries is the lack of 'joined-up' oversight. There are a plethora of parliamentary and extra-parliamentary institutions undertaking oversight, including parliamentary committees, auditors general, integrity commissions and anti-corruption agencies. Many of these institutions are not independent of government. Parliaments could encourage their greater autonomy and financial independence from government, by advocating that these institutions report to parliament, rather than to the government, and by taking the lead in fostering greater co-ordination and collaboration.

In short, many Caribbean have oversight tools and mechanisms to hold governments to account, but their effectiveness has been limited. Political will to adopt reforms is critical but, as in other countries, inertia often dominates the political environment. Until citizens demand that their elected representatives establish various oversight and anti-corruption mechanisms *and* ensure these mechanisms are free of political influence and are adequately resourced, the institutions will be 'window dressing' and corrupt actions will continue undeterred and unpunished.

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Chapter 12

An Assessment of Public Accounts Committee Operations and Procedures in Nigeria

Oladeji Olaore

Introduction

Nigeria is Africa's most populous country with a population of over 170 million. Nigeria has 36 states and one federal territory, which can broadly be divided into six geopolitical zones – North East, North West, Central, South West, South East and South-South (National Assembly of the Federal Republic of Nigeria). Since it returned to democracy in 1999, Nigeria has seen an annual growth rate of 7% (World Bank, 2013). However, despite Nigeria's oil wealth and economic growth, progress in eradicating poverty has been slow. In 2018, Nigeria ranked 157, out of 189 in the United Nations Human Development Index (UNHDI, 2018).

As Nigeria returned to democracy in 1999, transparency and accountability were important factors to promote the plurality in Nigeria's federal structure in the 36 states. The first bill that was passed into law under President Olusegun Obasanjo was "The Corrupt Practices and Other Related Offences Act" (United Nations Development Program, 2014). The African Development Bank (2009) noted that other significant reforms included the National Economic Empowerment and Development Strategy (NEEDS), the Fiscal Responsibility Law (FRL), tariff reform and Procurement Reform Law (PRL). Across most of the critical reform measures that were taken, the legislatures approved the decisions, showcasing their importance in Nigeria's economic growth. In Nigeria, the legislatures' roles have been particularly important at both the state and national level, to oversee the management of the country's oil and gas resources and the distribution of economic benefits from there (International Monetary Fund, 2005). For example: In 2015, the Speaker of the State of Osun House of Assembly stated that the Assembly would only prioritize those budgets that are implementable (Official Website of the State of Osun, 2015).

The legislatures play a vital role in controlling the executive's activities in executing the national and state budgets. While the governments are mandated to manage their budget efficiently, the legislatures, through their public accounts committee (PACs), oversees the budget through independent review, information, assurance, and advice on the accounts presented by the executive as well as the execution of the program.

Outline and Methodology

This Chapter presents a comprehensive outline of the parliamentary control over the government's national budget in conjunction with the Auditor-General (A-G) in Nigeria's federal structure. The analysis is based on a nation-wide survey conducted in 2015 and 2016 by the World Bank in collaboration with the Nigerian Association of Public Accounts Committees (NAPAC). Feedback was received from 29 State PACs plus the federal Senate and the House of Representatives PACs, bringing the total number of respondents to 31. Along with the overview, the Chapter identifies the best practices in Nigeria, compare these practices with international benchmarks and provide recommendations for improvement.

Section 1 will analyze in detail the characteristics of Nigeria's PACs, which includes the nature in which PACs are established, PAC's functions and powers relative to government accounts and operations. Section 2 looks at Nigerian PACs working procedures, including the working relationships between the PAC and the Auditor-General. These include practices such as initiating and undertaking inquiries, the steps Nigerian PACs take to follow up with the government in its recommendations, the procedures involved in planning and scheduling PAC meetings. In addition to these operational procedures, it looks at practices such as the PAC members' workload and attendance. It also provides an overview of operational features such as PAC's access to government accounts and officials, public engagement with the media and rights of witnesses.

Section 3 summarizes performance evaluation within Nigerian PACs and their relationships with other committees. Finally, through analyses detailed in this Chapter, section 4 provides recommendations for improving PAC operations and procedures in Nigeria.

1. Characteristics and structure of Nigerian PACs

PAC's mandate and functions:

In Nigeria, PACs are highly empowered parliamentary committees setup through the Constitution and rules of the House of Representatives and the Senate at the federal level and by the State House of Assembly at the state level. Core functions of the PAC include:

- (i) Ensuring that the government's expenditures were legal and used for the primary purpose to which they were charged.
- (ii) Ensuring that government's expenditure conforms to the legislature;
- (iii) Ensuring that all re-appropriations are according to laws and rules framed by the legislature and the government.

At the federal level, PAC's role is defined in Section 85 and 86; and PACs at the state level in Section 125 and 126 of the Constitution of the Federal Republic of Nigeria as amended in 2010 (Constitution of the Federal Republic of Nigeria, 1999 as amended). Accordingly, the A-G has the power to audit all offices and courts of the government. Within 90 days of receipt of the financial statement from the Accountant-General, the A-G will submit its report to both Houses in the National Assembly and the State A-G to the State Assembly. The Houses will then, through the PAC consider the A-G's report.

At the federal level, there is a bicameral legislature with the National Assembly comprising of the Senate and the House of Representatives. At the state level, there is a unicameral legislature with the House of Assembly of State (Constitution of the Federal Republic of Nigeria, 1999).

Most Nigerian PAC's clearly understand their mandate and core functions: In order for the PACs to complete its functions, it is essential that the PAC understands its functions and powers relative to government accounts and operations accurately to discharge its mandate effectively. It can be seen in Figure 12.1 that there is clarity on other functions such as verification of audit and financial statements, the efficiency of government policy, value for money, outcomes and the scope to undertake self-initiated inquiries.

Figure 12.1: PAC's functions relative to government accounts and operations (number of PACs reporting)



Most Nigerian PACs have the power to undertake self-initiated inquiries: More than three-quarters of Nigerian PACs indicate that they can undertake self-initiated inquiries. Another 10% indicated that they could undertake self-initiated inquiries to a certain extent with restrictions. This indicates that:

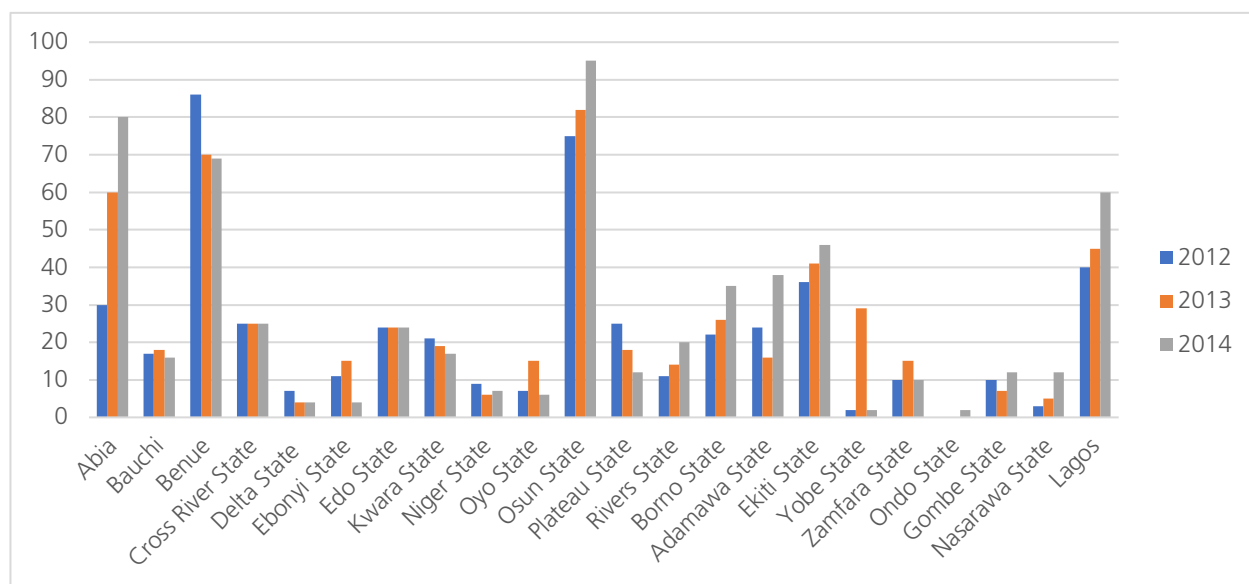
- Nigerian PACs are very effective. This is because it has been proved that PACs are most effective when they can initiate their inquiries (Pelizzo, R., Stapenhurst, R., Sahgal, V. and Woodley, W., 2006).
- There's flexibility in PAC's mandate to take up issues of public importance and not necessarily wait for the parliament to direct its work.

Number of PAC meetings:

PACs that meet regularly have an opportunity not just to handle workload but also promote a culture of consensus (McGee 2002, Page 72). The frequency of meetings depends on various factors such as the number of A-G reports, time availability of chair and members, etc. (Wehner, 2003).

Figure 12.2 shows that there is a significant variation in the number of PAC meetings across Nigeria. While PACs in states such as Ondo met two times and Taraba only met four times in the past three years, the PAC in Osun state met 252 times. Of all the meetings for all PACs, 13% focused on law and regulation, 56% on audit reports, 26% on investigative/public hearings, and 10% on other topics.

Figure 12.2 Total Number of Meetings held by PACs



PAC Size:

The size of the PAC matters. While a large PAC can include members with varied skills and backgrounds, administration of group dynamics during PAC meetings may be a challenge. A smaller PAC can lead to focused meetings but will limit skills and workload. The PAC's mandate should direct the size of its membership (Ngozwana, 2009). An individual PAC should determine its size according to the following factors:

- The PAC's mandate and responsibilities
- The size of Parliament
- The number of audit reports to be reviewed by the PAC

Figure 12.3 Number of PAC Members

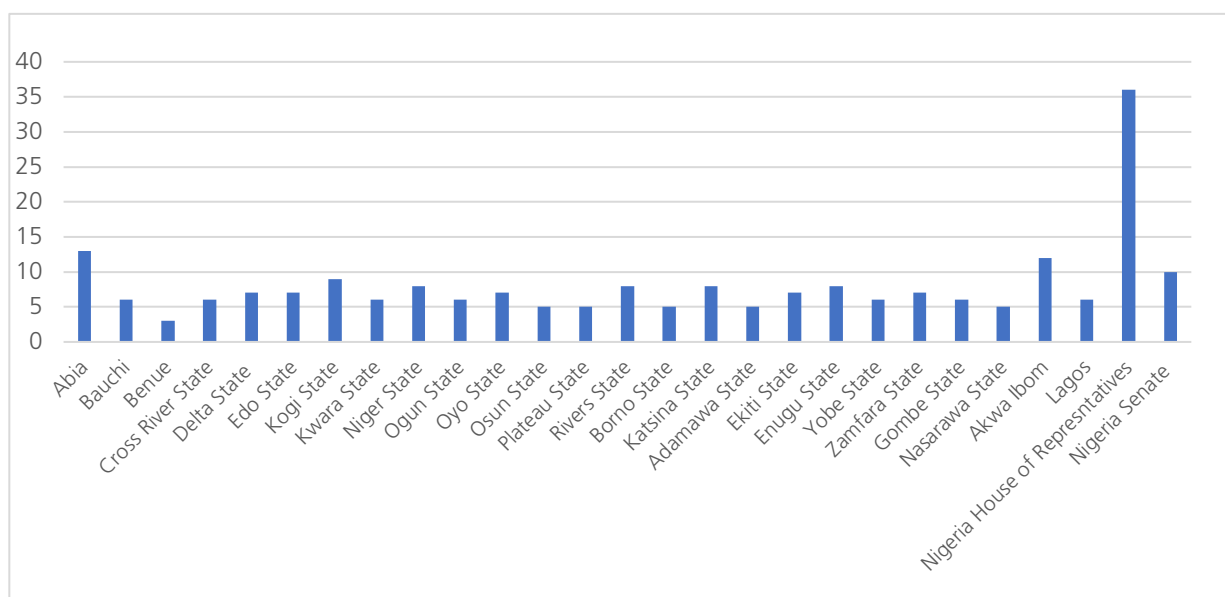


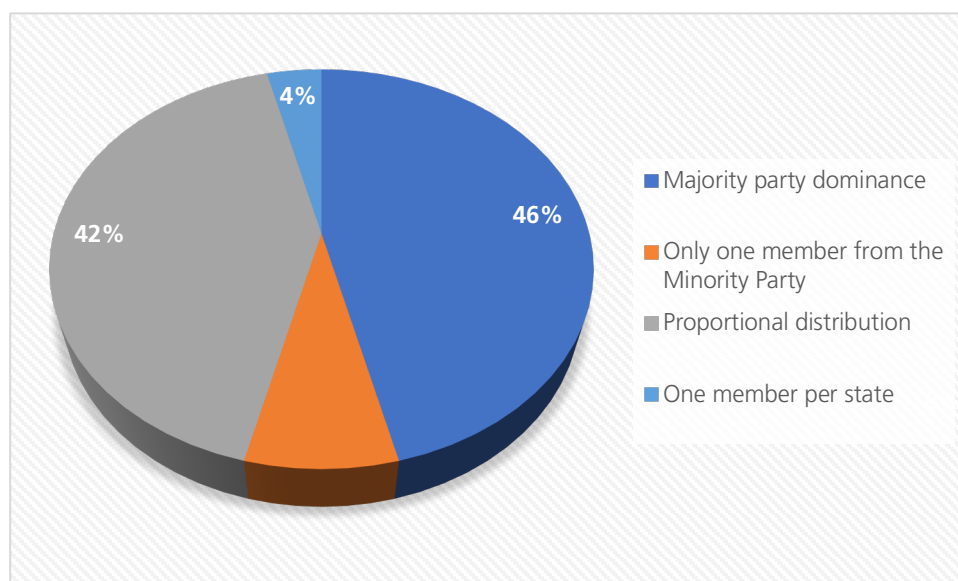
Figure 12.3 shows that membership in Nigerian PACs ranges from three members in Benue State to 13 members in Abia State. Nigeria Senate has ten members, and the House of Representatives has 36 members. The average membership is eight members. In Africa, the average size of PAC is 11.3 and Commonwealth-wide it is 11 members.

Political representation:

Nigeria is culturally and ethnically diverse; where such diversity is associated with corruption and social injustice, proportional political representation from all political parties in Nigeria is crucial to ensure credible oversight over the government's finances.

Figure 12.4 demonstrates that the political representation varies widely across Nigerian PACs. 58% of Nigerian PACs do not have proportional representation. 42% of Nigerian PACs indicated inclusion of opposition party members to be fair and well accommodated.

Figure 12.4 Political Representation in the PAC (percentage of PACs reporting)



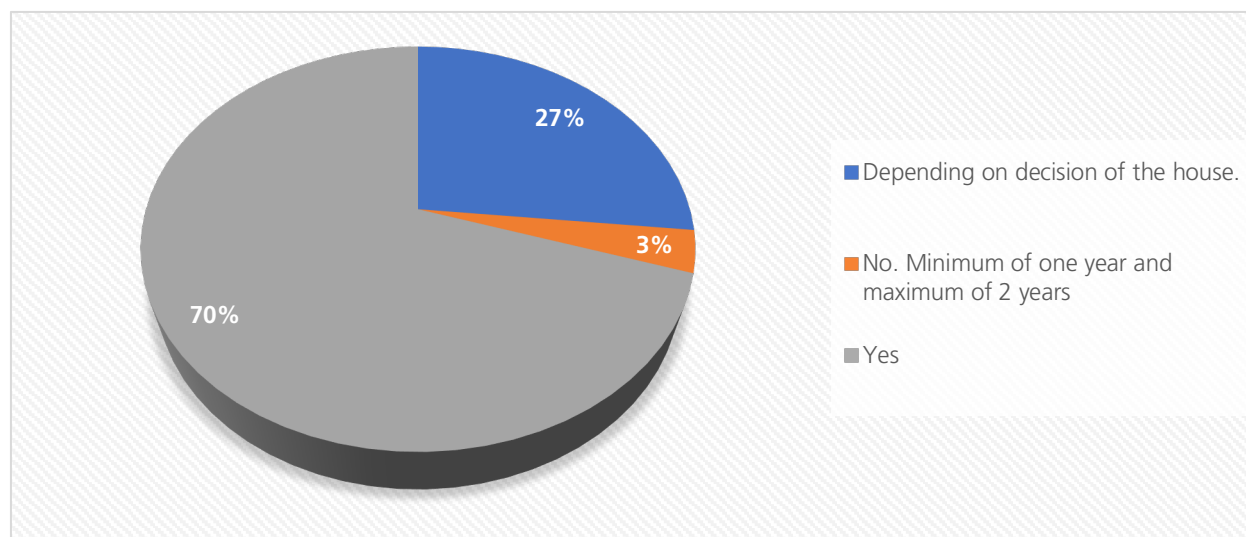
Ministers/Commissioners cannot be members of the committee. All Nigerian PAC members are MPs except in Nasawara state, Niger Senate and Kogi State. In Kogi state, where the following people can also be members of PAC:

- (i) Retired financial experts constitute the technical sub-committee on Public Accounts.
- (ii) PAC co-opts Auditor General and Accountant General.

Committee members: Appointment and term in office

The term of PAC members is an essential factor in the PAC's functioning. McGee (2002) recommended that PAC members be appointed for the entire term of the parliament. This is because developing a skill-set for analyzing reports can take multiple years, and PAC members can utilize the skills gained in the PAC on multiple reports.

Figure 12.5: PAC Term (percentage of PACs reporting)



Most Nigerian PAC members' term corresponds to the term of the legislature: Across all Nigerian PACs, a Selection Committee selects the PAC members. 70% of Nigerian PACs appoint members for the duration of the legislature (four years). In 29% of Nigerian PACs such as Cross River, Edo, Kwara, Ogun, Sokoto, Yobe and Ondo states, the decision is based on the house's discretion. In Kogi State, the PAC member has a term of minimum one year and a maximum of 2 years.

PAC Chair:

The PAC Chair performs the most crucial role in the committee to ensure that the PAC performs per its mandate and objectives. According to McGee (2002), the role of the PAC chair includes the following:

- (i) Setting the PAC's agenda.
- (ii) Ensuring decisions are taken in a culture of consensus and bipartisanship.
- (iii) Acting as principal liaison and communication channel with stakeholders such as the Auditor-General.
- (iv) Ensuring that the committee works according to the agenda and mandate.

The PAC has greater credibility if the PAC Chair is from the opposition party as it provides an opportunity for effective oversight over the government. However, irrespective of the political affiliation, the Chair should effectively lead the PAC's work. Thus, the Chair should be a senior Parliamentarian, fair-minded and respected by the Parliament (Stapenhurst, Pelizzo, and Jacobs, 2014).

Figure 12.6: Party Affiliation of PAC Chair (percentage of PACs reporting)

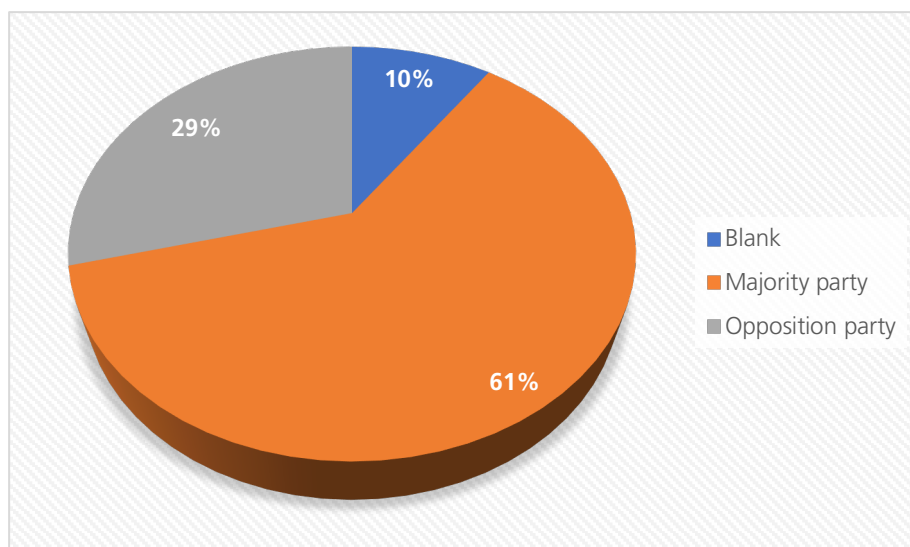


Figure 12.6 shows that most Nigerian PAC Chairs belong to the majority party: Only 29% of Nigerian PACs Chairs belong to the opposition. Despite the constitutional provision that the opposition party should chair PAC, there is a preponderance of dominant parties at the State levels. However, this constitutional provision is strictly adhered to at the National Assembly.

Only the Rules of the House and/or parliamentary tradition govern the selection of PAC Chair. In four PACs, the constitution and law play a role in governing the chair's selection.

Nigerian PAC's human resources:

PAC's work is technical and voluminous. Hence, it is vital that the PAC has administrative support with at least a full-time clerk and access to technical support (Wehner, 2006). According to KPMG (2006), support staff roles include:

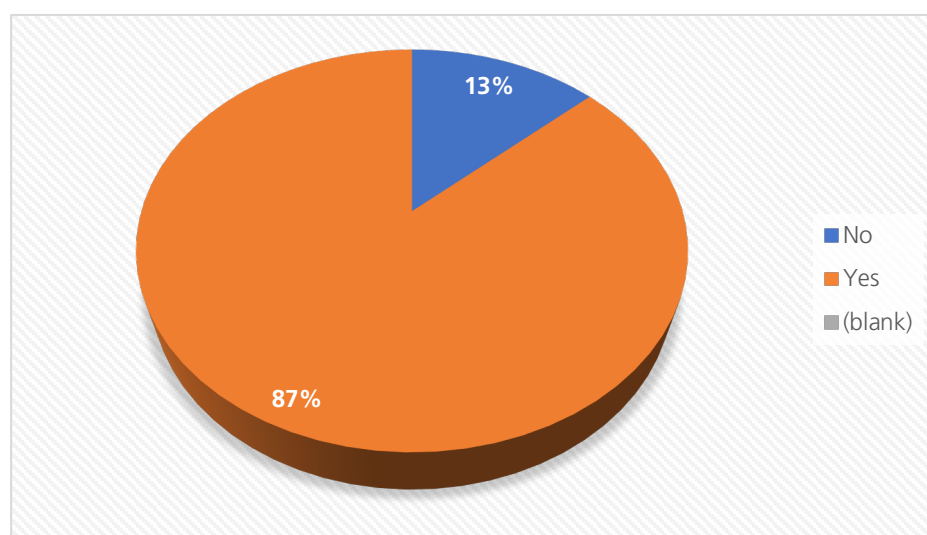
- Maintaining the committee's budget.
- Undertaking technical research and analysis.
- Ensuring that the meetings and work are conducted within budget.
- Organizing the PAC schedule and coordinate with the Chair to ensure that the agenda is covered.
- Preparing documents and speeches to be submitted to the parliament.
- Coordinating with witnesses and conduct public hearings.
- Liaising with media and assist the chair in media briefings and media releases.
- Organizing meetings and study tours.

As Figure 12.7 shows, most Nigerian PACs have at the least, a full-time clerk: 87% of the PACs indicated that they have a full-time clerk. Cross River State, Ebonyi State, Oyo State, and Sokoto states do not have any full-time staff.

The average number of staff members in Nigerian PACs is 6.33, and average full-time staff is 3.3. Figure 12.8 indicates that sub-national PACs with relative high full-time staff members include: Osun state with 12 staff (of which four are full-time), Ondo state with 11 staff (of which seven are full-time staff), and Abia state, which has seven staff members, of which six are full-time). By contrast, Zamfara, Sokoto and Oyo states have no full-time staff: their staff members comprise staff from the government departments or staff shared with other committees.

At the federal level, the Nigeria Senate has 13 staff members, all of whom are full-time while the House of Representatives has 22 staff members, of which 17 members are full-time.

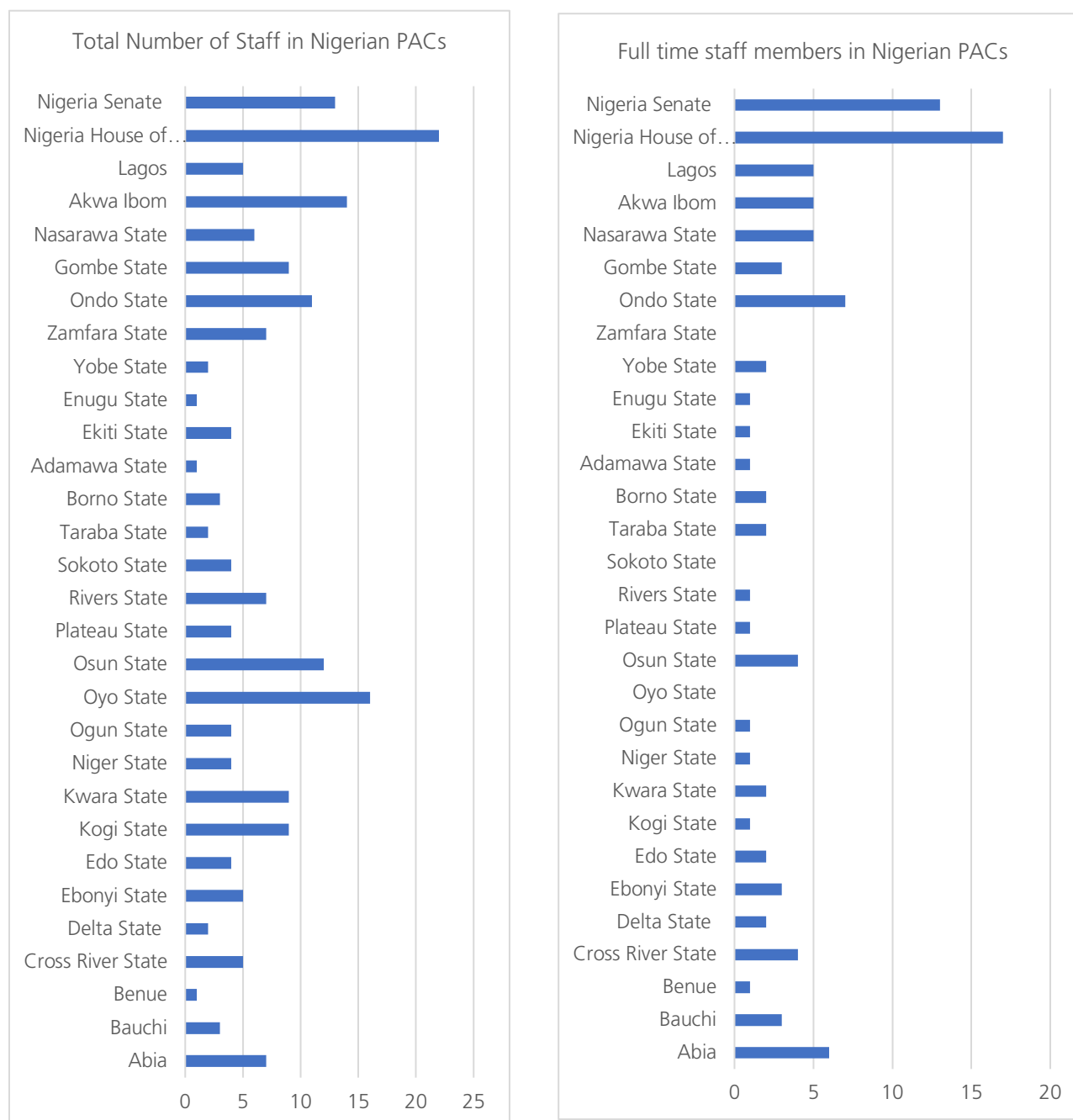
Figure 12. 7 PAC Staff Support (percentage of PACs reporting)



Most PACs train newly inducted staff: 67% of PACs provide training to staff members who join the committee on the PAC's practices and processes as well as on public sector development. This is mainly done through workshops and seminars.

Most Nigerian PACs hire either external advisors or additional staff for specific inquiries: PACs can request for additional sources on specific inquiries, especially when the analyses are technical. 57% of Nigerian PACs utilize additional staff for specific inquiries. The A-G and government department mainly provide these staff members. 48% of PACs use external advisors to conduct specific inquiries and writing of reports.

Figure 12.8: Total Number of PAC Staff, Full-Time PAC Staff



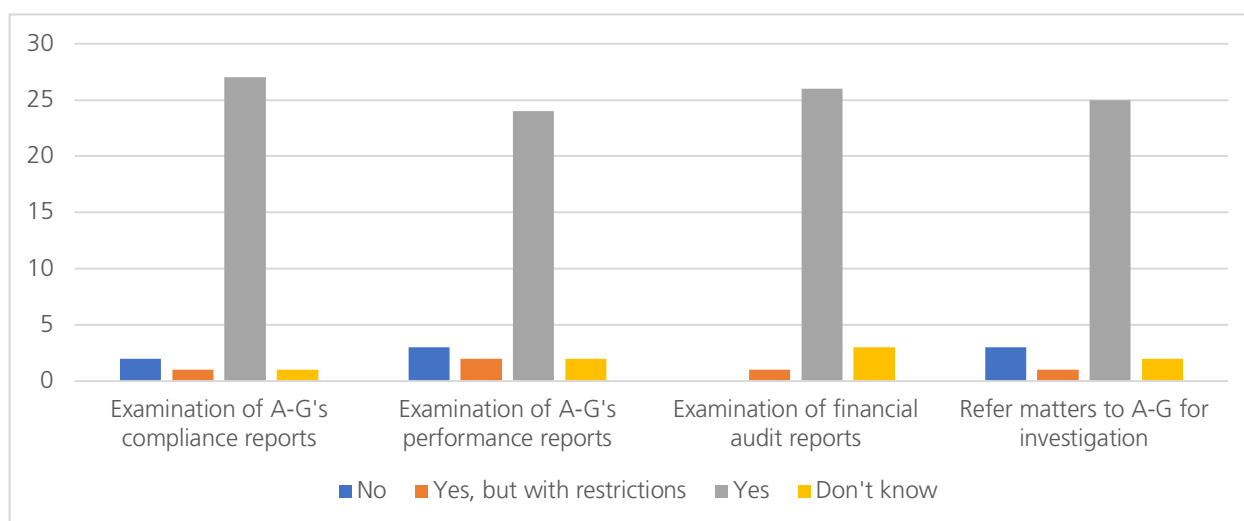
2. PAC Working Practices

PAC's functions relative to the A-G:

The A-G and PAC together are central to ensure a system of accountability of the government. In accordance with Section 85(5) of the 1999 Constitution, the Auditor-General shall, within 90 days of receipt of the Accountant General's financial statement, submit his Report to each House of the National Assembly (The

Senate and the House of Representatives); and each House shall cause the Report to be considered by a Committee of the House of the National assembly responsible for Public Accounts. The PAC then analyzes the A-G's reports and submit its report to the parliament. It is crucial that the parliament focuses and debates on the budget, hold the government accountable and ensure that follow-up actions are taken on audit observations (OECD, 2002). In Nigeria, the A-G is central to PAC's functioning. Most PACs examine A-G's compliance, performance, and financial audit reports. Further, the PAC can refer issues identified in its meetings to the A-G for investigation. See Figure 12.9.

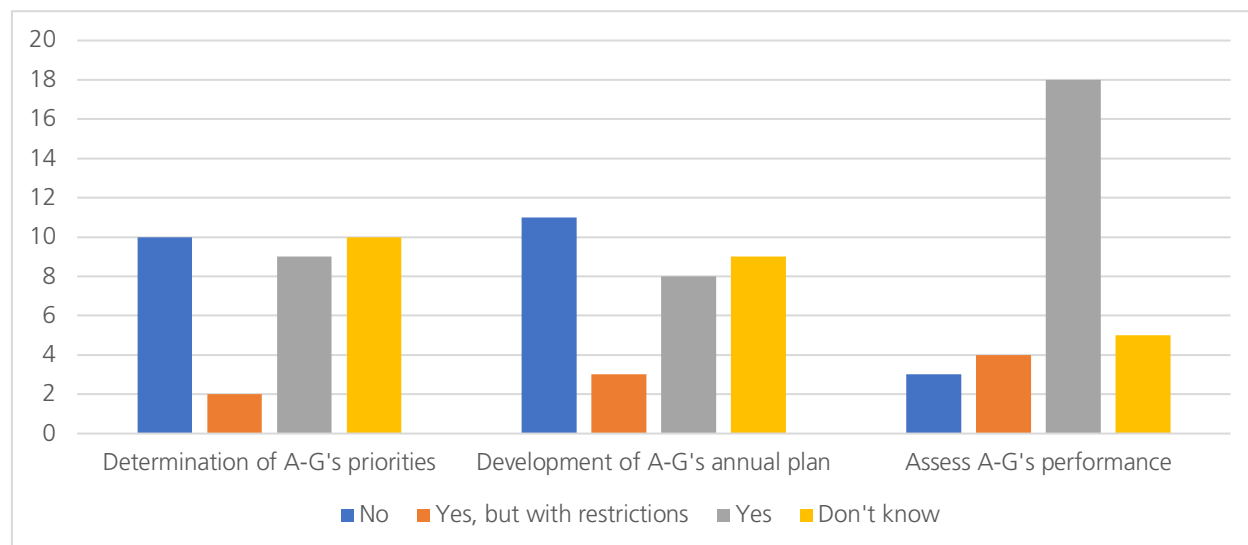
Figure 12.9: PAC Functions Relative to A-G's Reports (number of PACs)



As Figure 12.10 illustrates, most Nigerian PACs do not interfere in setting A-G's priorities:

It is crucial that the A-G maintains its independence, credibility and focus on improving long-term financial management issues. If the A-G focuses its priorities and work plan based on the PAC, it will get influenced by partisan politics and MP's short-term agenda. The major work conducted by the A-G depends on its priorities. The PAC can inform the A-G of its interests and suggest topics. However, shouldn't direct A-G's work. A-G's priorities in its operations are set through its annual plan and consultative meetings. In only a little over a quarter of Nigerian states (namely, Benue, Delta, Edo, Adamawa, Ekiti, Zamfara, Gombe and Lagos) do PACs play a role in determining the A-G's priorities.

Figure 12.10: PAC Functions Relative to A-G's Operations (number of PACs reporting)



Nearly two-thirds PACs evaluate the performance of the A-G and can make recommendations to improve his/her performance, but the A-G is not obliged to follow the recommendations.

In more than half the PACs, A-Gs are customarily expected to attend meetings, which helps ensure that the A-G is in tune with the committee's planning and deliberations.

Initiating and undertaking PAC inquiries

PACs scrutinize public expenditure through investigations. After completing the investigations, they submit their report to the parliament. Around the world, there is an increasing concern in PAC's independence. In a relatively new constitution and a vulnerable political climate in Nigeria, it is essential to understand how the agenda for conducting oversight of the government is initiated. This is because, unlike other committees, a different number of sources can initiate PAC inquiries (Jacobs, Jones and Smith, 2010). These sources include the Auditor-General, Parliament, the Committee or ministers/commissioners. While the Constitution of the Republic of Nigeria and rules of the house directs the PACs work, political agendas through a politically inclined PAC Chair can interfere in its independence.

Figure 12.11: Who Initiates PACs Inquiries?

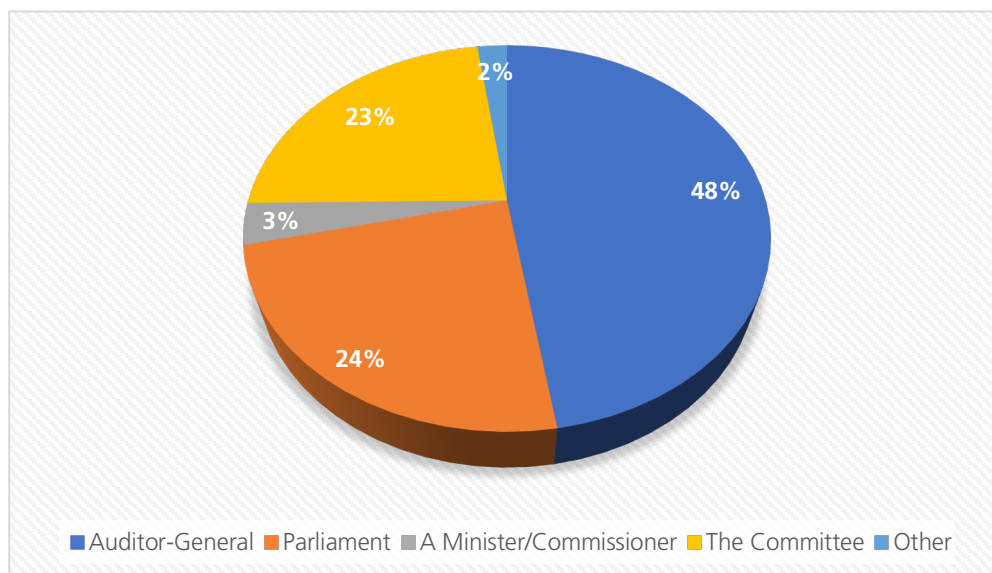


Figure 12.11 indicates that the reports of the Auditors-General are the prime initiative for PAC inquiries: 48% of PAC inquiries are focused on analyzing and following up on A-G's reports. However, 24% of inquiries are initiated by the Parliament, and 23% are initiated through PAC self-initiated inquiries. This means that the PAC Chair and the Committee need not depend only on the A-G for initiating inquiries, thereby somewhat offsetting a matter of potential concern: government interference in initiating PAC inquiries, mainly as was seen in Section 2, 70% of Nigerian A-Gs are part of the executive. States, where PACs undertake more self-initiated inquiries than through other sources, including as Benue, Bauchi, Ogun, Oyo, and Ondo.

Following up on PAC recommendations:

A PAC's performance can generally be measured by the number of its recommendations that the government implements (Pelizzo et al., 2006 and KPMG, 2006). Hence, it is crucial that PACs not only provide recommendations to the government but also ensure that these recommendations are implemented. In order to ensure that the recommendations are implemented, the PAC can establish a framework to follow up with the government. (For example: in India, the PAC submits its report to the parliament. Then, the government implements some or all the recommendations. The PAC then submits an "Action Taken Report" to the Parliament considering the actions taken by the government. In response to this report, the government submits an "Action Taken Statement" along with its comments to the parliament (see Chapter 8).

Most Nigerian governments are required to respond to the committee recommendations formally.

78% of Nigerian governments are required to respond to PAC's reports formally; 3% respond 'only if necessary.' Most (39%) of the governments that are required to respond formally to PAC reports, do so in a period of time regulated by the Rules of the House; 17% respond due to parliamentary tradition, and 9% respond due to Rules of the House and parliamentary tradition, as shown in Figure 12.12.

However, most Nigerian governments do not lay their responses before the parliament. As can be seen in Figure 12.13, nearly half (46%) of governments do not table their responses before parliament, and a further

7% only sometimes do. In order for the PACs to ensure that their recommendations are implemented, it is essential that the responses be laid before the parliament, even if the government does not implement the recommendations. In this way, PAC members can at least understand the justifications given for non-implementation.

Figure 12.12: Is the Government Required to Formally Respond to PAC Reports/Recommendations? (percentage of PACs reporting)

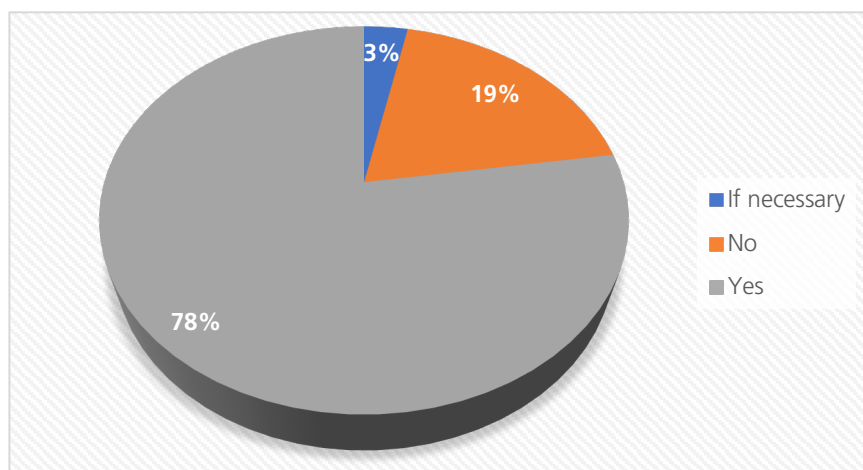
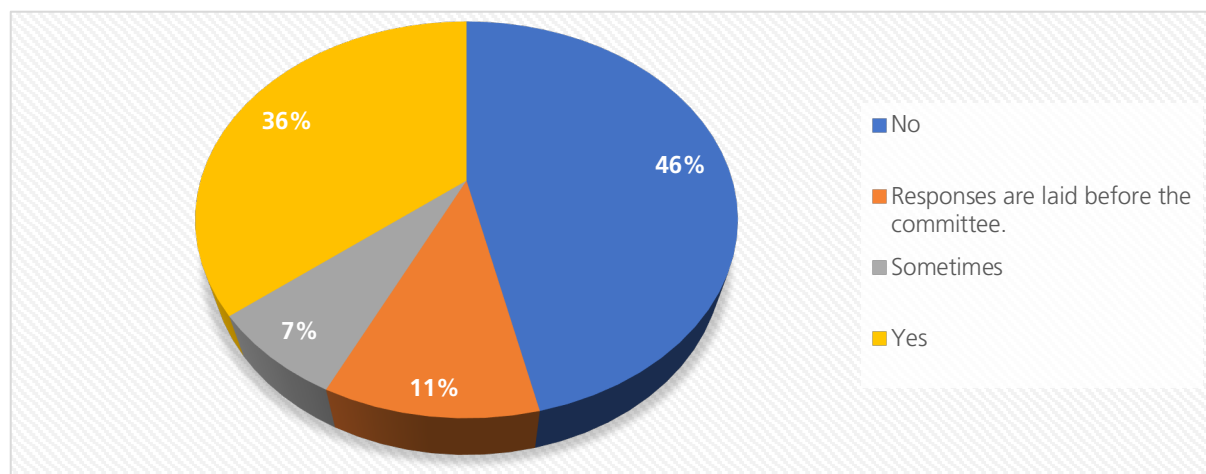


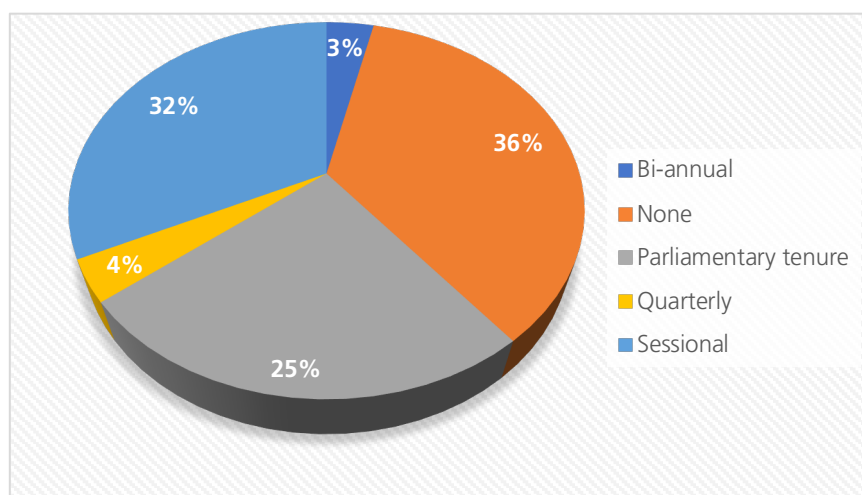
Figure 12.13: Are Responses Laid Before Parliament? (percentage of PACs reporting)



Planning and scheduling PAC meetings:

Strategic planning is crucial for any organization to be relevant and responsive to the needs of its stakeholders. In the PAC, it enables the Chair to monitor progress, results, and impact. It also aides the committee to plan for the future systematically (McKay, DATE). However, more than a third (36%) of the PACs – including those in Benue, Delta, Ebonyi, Niger, Oyo, Borno, Katsina, Yobe, Zamfara, and Ondo states - do not have a formal planning process. (See Figure 12.14). There is scope to do: it was seen in section 1 that 67% of Nigerian PAC members are appointed for the entire term of the legislature, which is four years.

**Figure 12.14: Does the PAC Have a Formal Planning Process/Work Plan)?
(number of PACs reporting)**



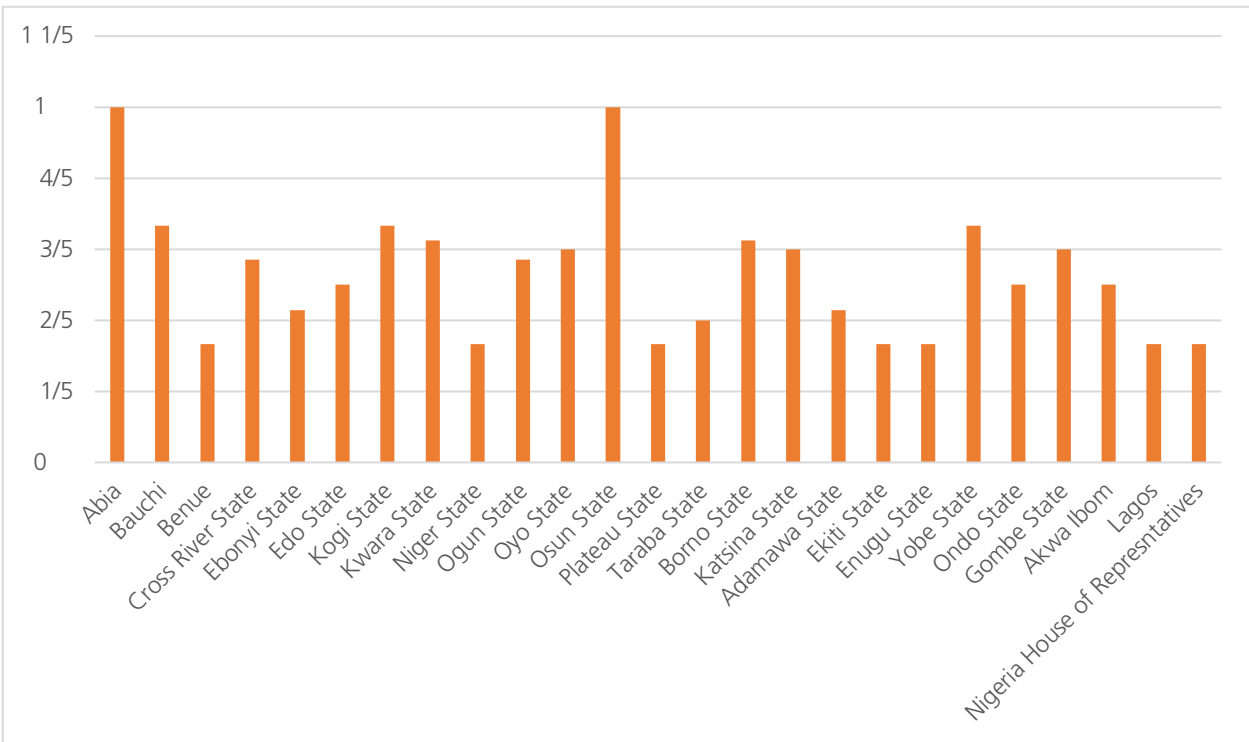
PAC Members' workload:

PAC members are over-worked: since an individual legislator's workload is already high due to legislative and political activities, the parliament has to facilitate conditions to ensure the MP's commitment to committee work. PAC members are involved in up to five other committees. In Abia, Bauchi, and Kogi, PAC members serve on five other committees; on average, a PAC member serves on 3.5 other committees. This affects not only the quality of work but can also serve as a disincentive to attract highly qualified MPs to serve in the PAC.

Quorum and attendance:

All PACs indicated their attendance to be satisfactory. The quorum ratio for Nigerian PACs ranges from 1/3 of the members of the committees in Benue and Niger State to full membership in Abia and Osun. If a quorum is not satisfied, meetings are adjourned.

Figure 12.15: Quorum and Attendance



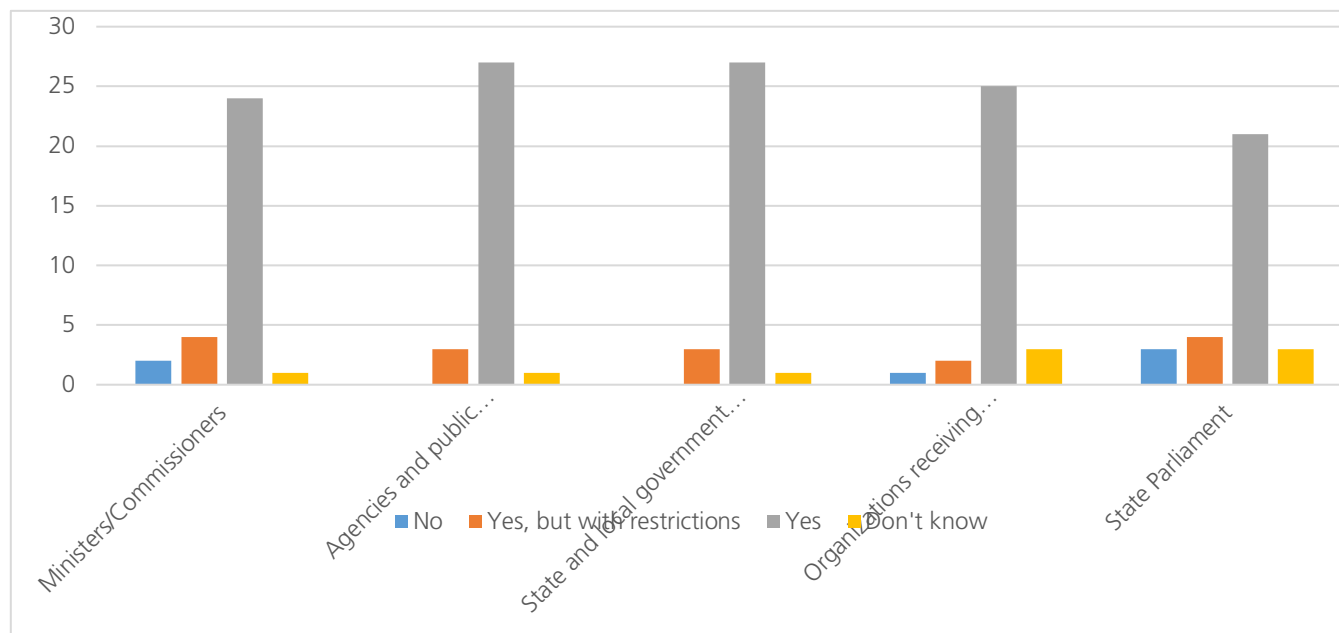
More than half (58%) of PACs do not provide allowances to its members. However, irrespective of whether allowances were provided, it was found that Nigerian PAC members attend regularly.

PAC’s access to government accounts and operations:

A PAC should have adequate powers to obtain free, timely and direct access to required documents, policymakers and information in electronic and paper formats to discharge their responsibilities.

It can be seen in Figure 12.16 that PACs across Nigeria have sufficient access to different stakeholders in the government, public agencies, state parliaments and organizations that receive government grants.

Figure 12.16: PAC Access to Government Accounts and Operations (number of PACs reporting)



Public engagement and media coverage:

Countries around the world have increasingly recognized the importance of open governance (Transparency International, 2017). It has also been recommended that parliaments open up committee meetings to media as well as interested public (Wehner 2003). The PAC should devise a communication strategy, which would include electronic, print and social media. Since PAC reports can be quite complex, the PAC should publish press releases in an understandable format, highlighting issues and recommendations that can be easily understood by the public.

In Nigeria, nearly a quarter (24%) of PACs issue press releases to publicize their inquiry outcomes and recommendations, while nearly three-quarters (74%) PACs use mass media as the primary method in informing the public of inquiry outcomes and recommendations. Hence, apart from the media reporting on the outcomes in the parliament, PACs themselves do not make a sustained effort to publicize the outcomes of their inquiries nor of their efforts to have governments implement their recommendations.

Detailed minutes are recorded and available in more than three-quarters (78%) of all PAC meetings, but nearly half (48%) of PACs do not release these minutes promptly. A further quarter (27%) of PACs provide minutes on request. Other methods to disseminate PAC information include media reporting, Hansards, and House journals (see Figure 12.24).

As Figure 12.18 shows, most (65%) PAC meetings are closed to public. Moreover, many PACs do not necessarily take actions to publicize their meetings. Thus, even if the meetings are open, interested public might not be aware of the schedule, i.e. time and venue of PAC meetings. However, most (64%) PAC meetings are recorded (see Figure 12.19) and recordings are available to the public and media.

Figure 12.17: For Which Meetings are Detailed Minutes Recorded and Available? (percentage of PACs reporting)

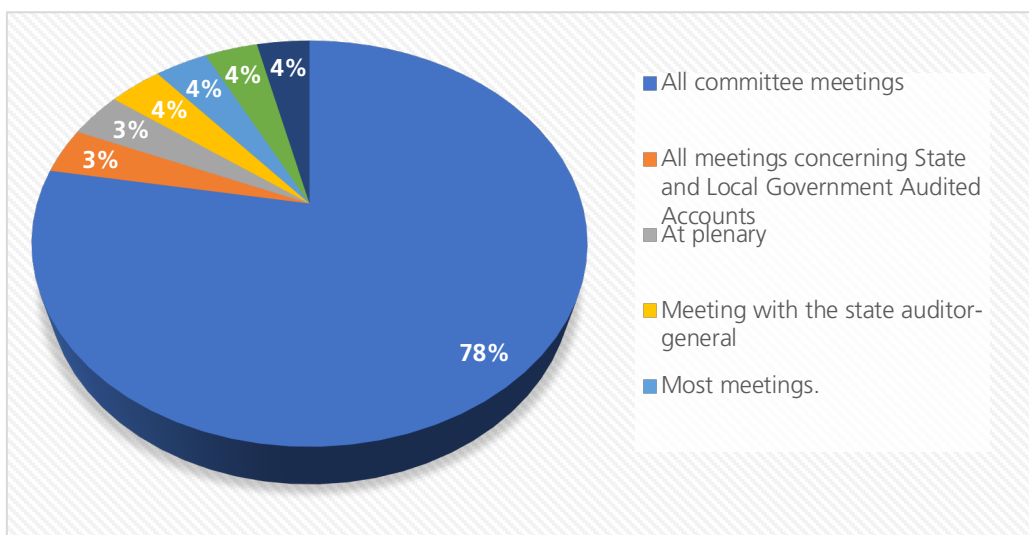


Figure 12.18: Are Committee Meetings Open to the Public? (percentage of PACs)

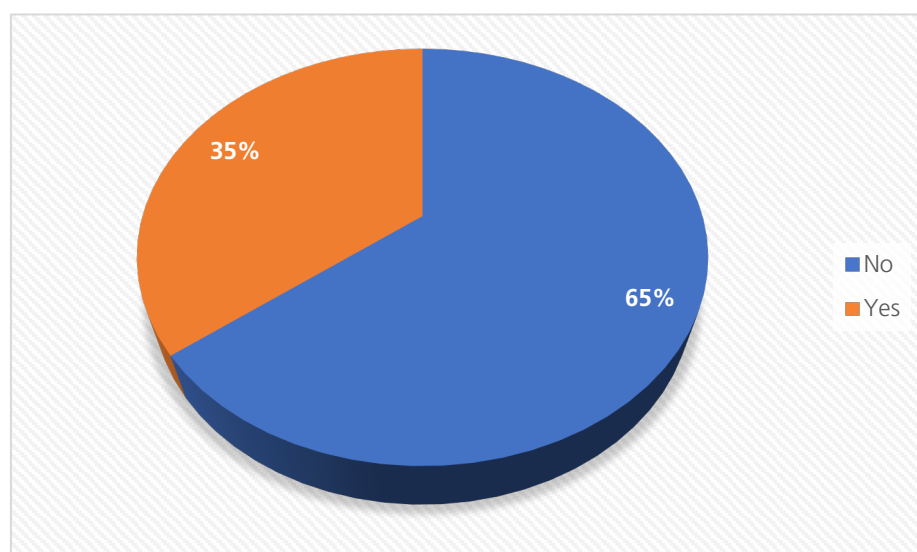
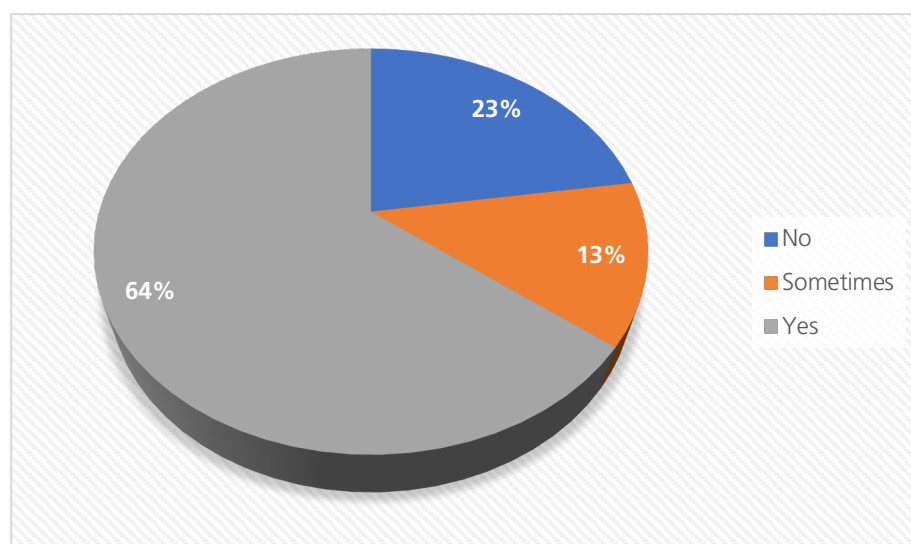


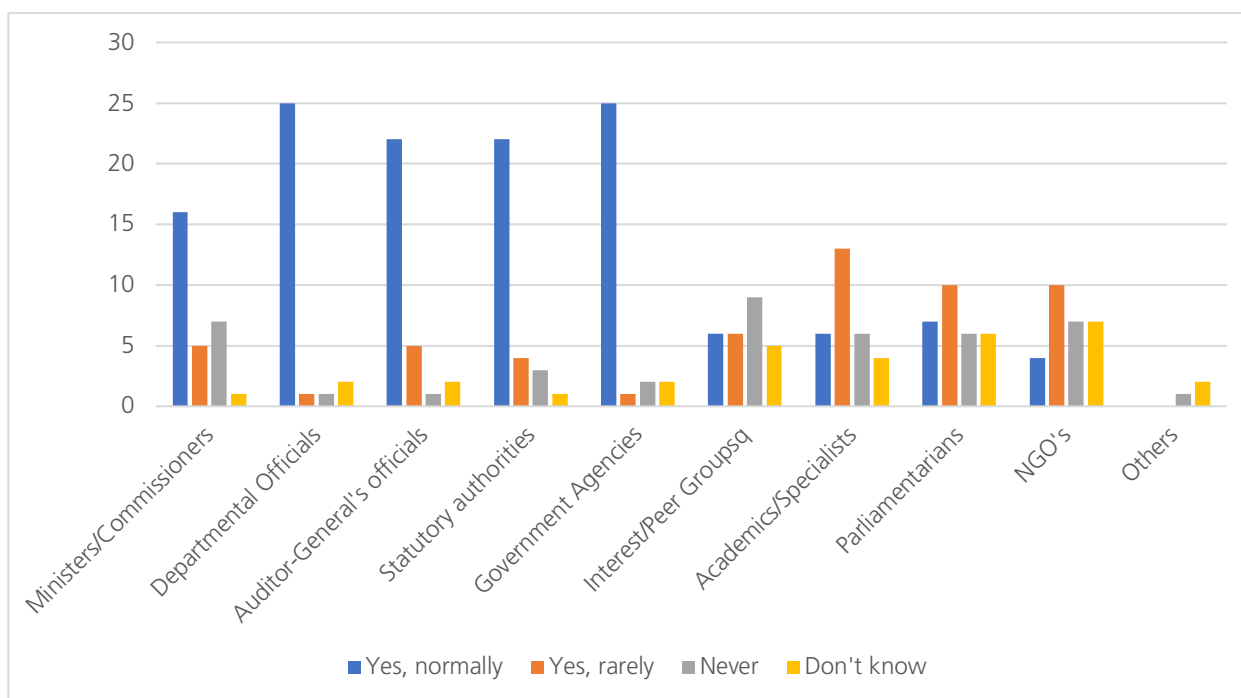
Figure 12.19: Are Recordings of Committee Debates Available? (percentage of PACs)



Rights of witnesses

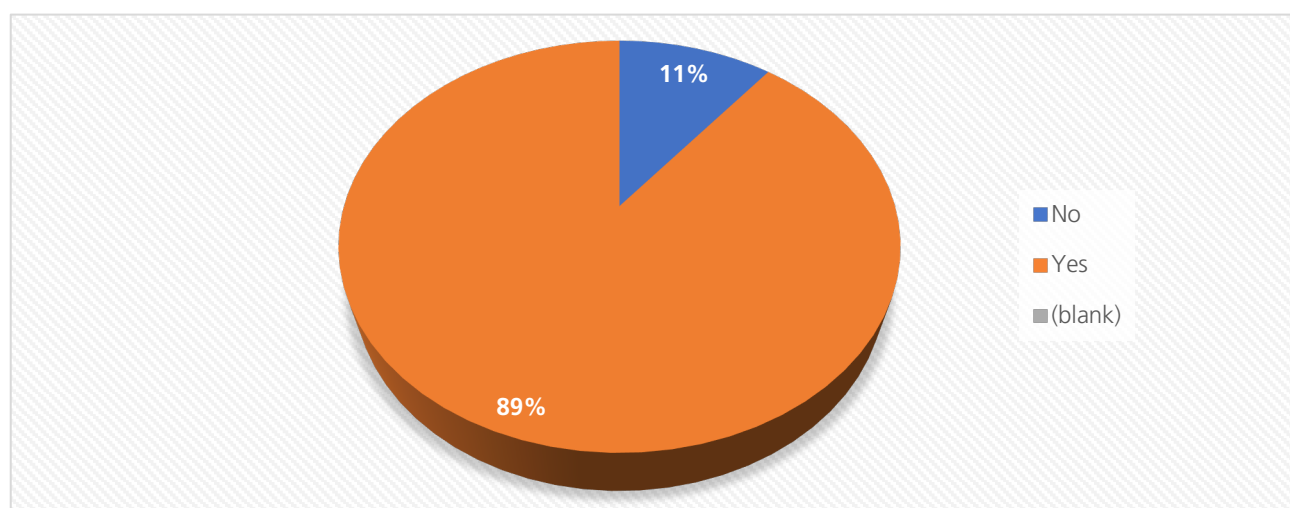
Nigerian PACs witnesses primarily include accounting officers in A-G's office, government, government agencies, and statutory authorities. As Nigerian PACs also work on issues of value for money of policy, estimation of budget estimates and effectiveness of policy implementation, ministers/commissioners are also called as witnesses (see Figure 12.20).

Figure 12.20: Witnesses to PAC Meetings (number of PACs)



Most PACs (89%) have the power to compel a witness to testify (see Figure 12.21). Because witnesses can elicit criticism from parliamentarians, ministers, and supervisors and because witnesses may risk legal liability and prosecution, or any answers are given, the PAC needs to establish guidelines for witnesses (Parliament of Australia, 2015). Such guidelines should assist government officials in their dealings with the parliament and establish ground rules for both witnesses who testify and PAC members, on what can be said.

Figure 12.21: Does the PAC Have the Power to Compel Witnesses to Testify? (percentage of PACs)



3. PAC Performance Evaluation and Working With Other Committees

PAC Performance

Two increasingly common mechanisms for PACs to evaluate their performance are: (i) an annual report, which can help ensure that the committee periodically evaluates its performance and plans for the future (American Planning Association, 2017) also provide greater transparency on its functioning (CCAF-FCVI, 2004); and (ii) peer review evaluation, whereby PACs request PACs in other states to review their practices and procedures (CAAF-FCVI, 2004).

As Figure 12.22 indicates, most (45%), Nigerian PACs do not publish annual reports. Only 39% of PACs do publish an annual report, most of which submit the report within 12 months of the year-end although two states (Benue and Cross Rivers) submit their annual report within three months of year-end (see Figure 12.23).

Figure 12.22: Does the PAC Publish an Annual Report? (percentage of PACs)

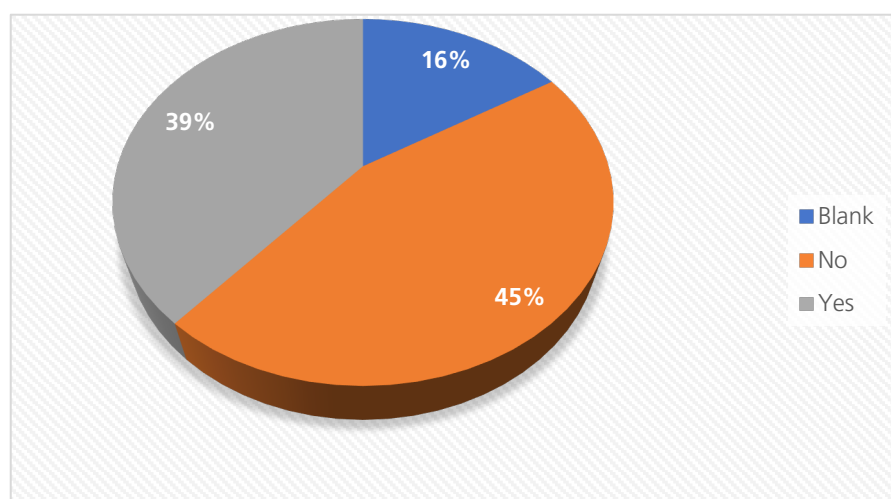
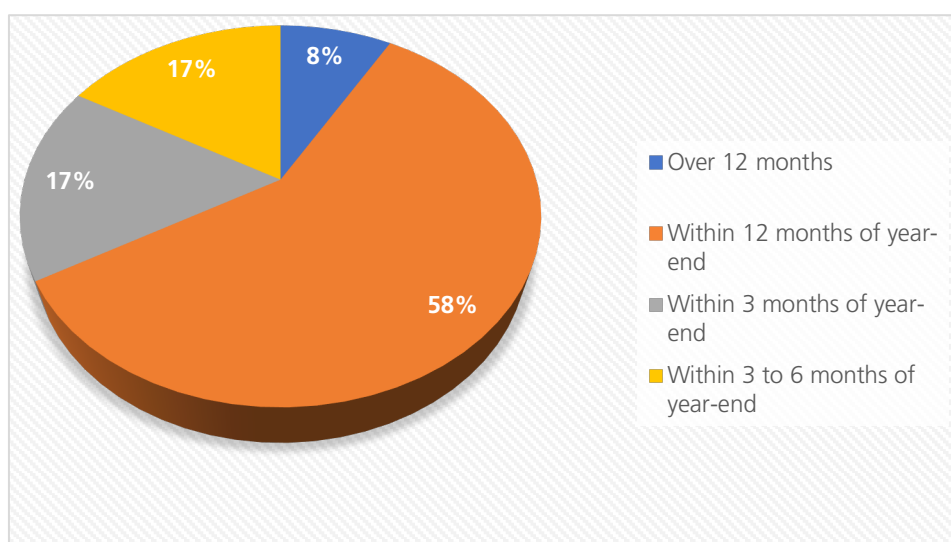


Figure 12.23: How Soon is the Report Issued After the End of the Financial/Legislative Year? (percentage of PACs)



Peer Evaluation

Most Nigerian PACs do not submit themselves to peer evaluation of its practices and procedures.

80% of Nigerian PACs do not submit themselves to peer-evaluation. Only the Nigerian Senate, Nasarawa State, and Yobe State noted that they submit themselves to peer-evaluation. Further, none of the PACs obtain external assistance in reviewing its practices and procedures.

Relationship with other committees:

Some committees work on public finance including the PAC such as Committee on Public Enterprises or Undertakings. Hence, there are possibilities for other committees to be involved in either scrutinizing PACs reports or observe inquiries.

In most Nigerian parliaments, other committees do not scrutinize PAC's work. In 74% of Nigerian parliaments, other committees are not involved in scrutinizing PAC reports see Figure 12.24). Further, in 75% of Nigerian PACs, committee members do not sit as representatives in other committees (see Figure 12.25). This means that Nigerian PACs work in a stand-alone manner in its operations.

4. Conclusions and Recommendations

In Nigeria, PACs are highly empowered parliamentary committees setup through the Constitution in Section 85, 86 and Section 125 and 126; and rules of the house in both the houses in the federal level and by the State House of Assembly at the state level. However, this study indicated that Legislators are grossly under-utilizing the powers of Public Accounts Committees due to many factors such as partisan politics, non-tabling of PACs report in the plenary for debate, lack of implementation of PACs recommendations by the executives, lack of adequate resources allocated to the operations of PACs, lack of financial autonomy by the legislative bodies, particularly, the State House of Assemblies, and many more.

Figure 12.24: Are Other Committees Involved in Scrutinizing the Audit Reports? (percentage of PACs)

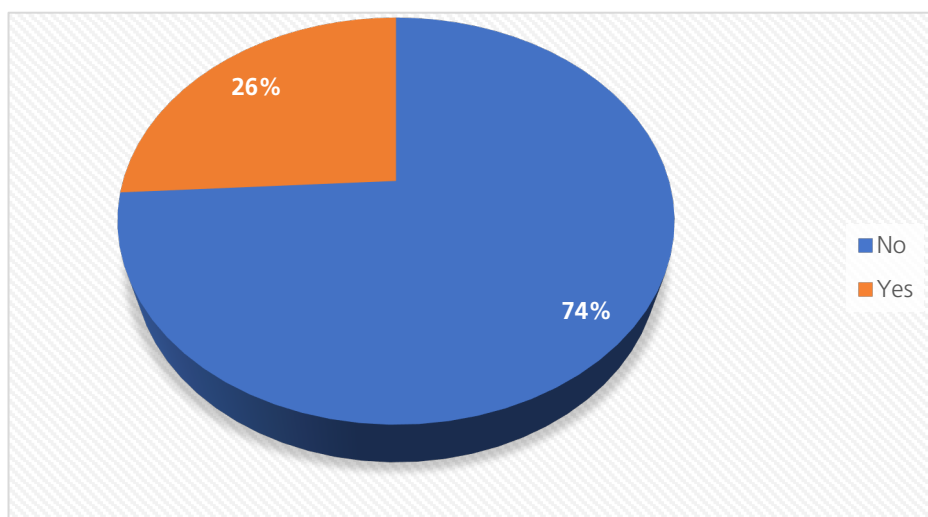
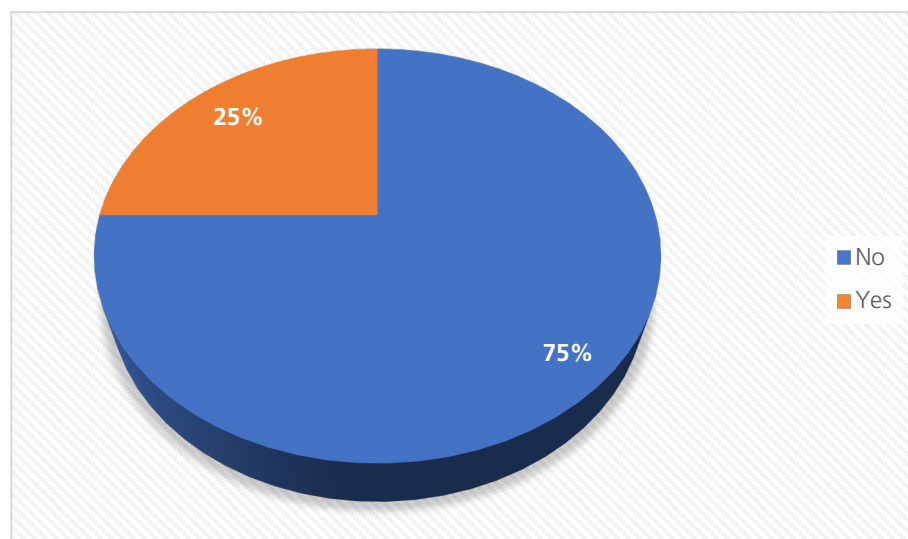


Figure 12.25: Do PAC Members sit as Committee Representatives on Other Committees? (percentage of PACs)



This Chapter also indicates that it is imperative for Nigerian PACs to develop a standardized system of operations and procedures through effective collaboration and experience sharing. For instance, in 2015, the Nigerian Association of Public Accounts Committees (NAPAC) produced a “Guidelines for Effective Public Accounts Committee Report Writing” the first of its kind in the country. This type of collaboration among the Public Accounts Committees at the States and Federal levels is a new phenomenon, which is aimed at enhancing the effectiveness of PACs operations and practices in the country.

While the mandates of Public Accounts Committees in Nigeria are very clear, there is need to take critical steps to strengthen their operations and practices in order to fulfill their constitutional functions. Therefore, the following summarizes the recommendations to improve PAC operations and procedures in Nigeria.

1. Term of PAC members:

It was noted that in some states such as Cross River, Edo, Kwara, Ogun, Sokoto, Yobe, and Ondo states, the term of PAC members depend on the house's discretion. Further, in Kogi State, the PAC member has a term of minimum one year and a maximum of two years.

Recommendation: Nigerian PACs should adopt the practice to ensure that terms of PAC members throughout the country uniformly correspond with the term of the legislature.

2. PAC Chair's bias:

It was seen that most Nigerian PAC Chairs belong to the majority party. This can restrict the oversight role of the PAC in analyzing the A-G's reports and may affect the perception that the PAC will not make any recommendations that may likely 'embarrass' the dominant/majority party.

Recommendation: The Nigerian parliament has to ensure that it appoints the PAC Chair of high caliber and belongs to the opposition party. While the PAC members belong to different parties, the role of the Chair is crucial in ensuring effective PAC oversight.

3. Following up on inquiry reports:

Most Nigerian governments do not table their responses to PAC reports and recommendations before the parliament. This prevents the PACs to follow up on its inquiry reports.

Recommendation: Nigerian Parliament should mandate that the government responds in writing to PAC recommendations approved by the legislature. This ensures that even if recommendations are not followed, the parliament is aware of the reasons for not implementing the PAC's recommendations.

4. Planning and scheduling PAC meetings

Most Nigerian PACs do not have a formal Annual Work Plan.

Recommendation: The PAC Chairs should, along with the PAC Secretary, plan for PAC activities for the term of the legislature. This plan should be evaluated annually and ensure that there is continuity in PAC processes even though the Chair and members change.

5. Workload

Nigerian PAC members are over-worked. On an average, a Nigerian PAC member serves in 3.4 committees. In some states, PAC members serve in all parliamentary committees. This reduces the quality of PAC's inquiries and disincentives highly qualified MPs to serve on the PAC.

Recommendation: The Nigerian Parliament should limit the number of Committees a member of PAC can serve on. Otherwise, PAC members will be overworked, and they will not be able to focus on the critical function of ensuring that public funds are appropriately utilized.

6. Communication Strategy:

While the media covers PAC activities, most Nigerian PACs do not have a formal communication strategy to ensure that its mandate is fulfilled.

Recommendation: Nigerian PACs should develop a communication strategy, which would include electronic, print and social media. Since PAC reports can be quite complex, the PAC should publish press releases in an understandable format, highlighting issues and recommendations that can be easily understood by the public.

7. Publishing minutes of meetings in a timely and interactive manner:

In most Nigerian PAC meetings, minutes are recorded and available, but most of them do not release the minutes promptly.

Recommendation: The PAC Chairs should include the issue of release of minutes of PAC meetings. The PAC Chair should ensure that the detailed minutes of the meeting are available to the public and stakeholders promptly.

8. Rights of Witnesses

In Nigeria, the witness has minimal rights as most PACs have the power to compel the witness to testify. This can lead to penalties such as arrest and prosecution.

Recommendation: The Nigerian parliament should establish guidelines on testifying for all witnesses. These guidelines should comprehensively assist government officials in their dealings with the parliament.

9. PAC's performance evaluation:

Most Nigerian PACs do not publish annual reports, submit themselves to peer evaluation or obtain external assistance in reviewing their practices and procedures.

Recommendation: Nigerian PACs should start publishing annual reports that comprehensively details its activities throughout the year. This will ensure that the different stakeholders better understand PAC's activities.

ANNEX: Breakdown of the respondents by geopolitical zones

S. No.	Geopolitical Zone	States	Number (Total=31)
1	National Parliament	Senate, House of Representatives	2
2	South-East	Abia State, Ebonyi State, Enugu State	3
3	South-South	Akwa-Ibom State; Cross-River State; Rivers State; Delta State and Edo State	5
4	South-West	Ekiti State, Lagos State, Ogun State, Ondo State, Osun State, and Oyo State	6
5	North-West	Katsina State, Sokoto State, and Zamfara States	3
6	North-East	Adamawa State, Bauchi State, Borno State, Gombe State, Taraba State, and Yobe States	6
7	North-Central	Benue State, Kogi State, Kwara State, Nasarawa State, Niger State, Plateau State	6

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Chapter 13

Conclusions

Introduction

For many years, international agencies such as the World Bank and bilateral agencies such as the U.K. Department for International Development have contended that legislative oversight is an important element in the promotion of good governance and democratic development (Stapenhurst, Pelizzo, and Jacobs 2014). This assertion is based on the concept that legislatures, acting on behalf of citizens, can best hold governments to account through effective oversight (Pelizzo 2011).

The academic community, too, has examined oversight. Pennings (2000) and Maffio (2002) noted various oversight tools at the disposal of the legislature, including committees (such as public accounts committees [PACs], hearings in plenary assembly, parliamentary questions, interpellations, specialized inquiry committees, and ombuds offices. Particular attention has been paid to PACs, given their prominent role in the accountability system as practiced in the Commonwealth (Westminster) parliamentary systems (McGee 2002; Pelizzo and Stapenhurst 2007; Pelizzo 2011). Indeed, as Anthony Staddon notes in chapter 2, Westminster-type parliaments are at their strongest when conducting ex post oversight, and this strength is a reflection of the important work of the PAC. This strength also helps explain, he suggests, why the PAC model is being increasingly exported to many non-Commonwealth or Westminster parliaments.

In this book, and its companion volume, *Following the Money: Comparing Parliamentary Public Accounts Committees* (Stapenhurst, Pelizzo, and Jacobs 2014), we have investigated the mandate, structure, activities, and capacity of PACs. Drawing on a global database of PAC characteristics, gathered by the World Bank and the Commonwealth Parliamentary Association, we have been able to drill down on how and why PACs work, which, in turn, has enabled us to dispel some global myths surrounding PAC good practice. Instead, we have developed a more nuanced approach to how and why PACs work, highlighting distinct national and regional differences. Indeed, we have found that some 70 countries around the world have adopted PACs and that there are some 70 national variations of the way PACs are structured, their mandate and activities, and their effectiveness.

In this book, we present regional profiles of most regions of the world where PACs exist.¹ A particular focus has been to examine three factors that research showed to be crucial to PAC effectiveness: the opportunity of PACs to undertake rigorous oversight (as reflected by the mandate), their capacity (as measured by the expertise of their members and the number of support staff), and their motivation (typified by having an opposition party chair and public interest in the work of the committee).

¹ The principal omission is South East Asia, where the PACs are still evolving (in Indonesia, Myanmar, and Thailand), and thus our data rapidly became out of date.

Opportunity

The mandate of PACs varies widely, both across regions and within regions. In the British Isles, for example, the PACs have a broad (but varying) scope to investigate public expenditure; each PAC has the power to choose subjects for examination without government direction, make recommendations, and publish conclusions. However, only the Isle of Man and Jersey PACs have the power to consider budget estimates,² whereas Ireland's PAC reports a much narrower remit than elsewhere across the British Isles (see chapter 2). Similarly, in South Asia, the mandate of PACs is considered strong: not only are they constituted under legislation or with constitutional reference, but they also generally have unrestricted powers and adequate rights to access all government expenditure. Their remit includes publicly funded projects undertaken by nongovernmental organizations, the private sector, and autonomous bodies (see chapter 8).

By contrast, the mandate of PACs in West Africa has some serious issues. In some jurisdictions, PACs believe their mandate lacks clarity, and many PACs have limitations in initiating oversight activities on their own. They cannot be proactive and can work only on issues that have been referred to them by the speaker of the House of Representatives or the plenary session.³ Interestingly, the Ghanaian Parliament has initiated processes to address this challenge by revising its Standing Orders to broaden the powers of the PAC and, in particular, the power to be proactive and initiate its own oversight investigations (see chapter 6).

Furthermore, although global analyses indicate that greater opportunity (that is, a broader mandate) leads to greater PAC activity and hence output, this is not always the case. As chapter 5 highlights, in East Africa, PACs with broader powers concerning the right of access are *less* active than PACs with a narrower range of powers: the broader the PAC mandate, the lower the number of meetings and hearings held by the PAC. A lesson, perhaps self-evident but heretofore overlooked, is that if left unused, wider powers are as ineffective as no powers in promoting good governance.

Capacity

Stapenhurst, Pelizzo, and Jacobs (2014) found that larger PACs, and a greater number of support staff, perform better. However, as for the scope of the mandate, wide variation exists around the world for these criteria, with some PACs—especially in smaller countries—having only three members and no support staff members and others—typically in larger countries—having upward of two dozen members and a similar number of support staff members.

The smallest committees are found in the Pacific (Kiribati [3 members] and Tuvalu [3]), Australia (Australian Capital Territory [3]), the Nordic region (Faroe Islands [4]), and British Isles (Isle of Man [5]). Caribbean countries, too, generally have small committees. The largest committees are in Southern Africa (South Africa [26], West Africa [Ghana and Nigeria], and South Asia (Sri Lanka [31] and Nepal [24]). But the size of

² Consideration of budget estimation is an emerging responsibility of PACs (see Stapenhurst, Pelizzo, and Jacobs 2014, chapter 7)

³ As chapter 6 notes, however, until about 10 years ago PACs in West Africa existed mostly in name only. They used to work mainly in camera with few or no links to other key stakeholders in the accountability process. Today, the landscape has changed significantly, and PACs have become important committees of parliament.

committee is not always related to country size: (a) Lesotho's PAC has 25 members, and (b) with the exception of the British Isles, the Nordic region, and Australia and New Zealand, most regions have legislatures with both small PACs and large PACs. Research suggests that small PACs have problems with limited membership but that large committees are also problematic (Stapenhurst, Pelizzo, and Jacobs 2014) and that the ideal PAC has between 7 and 11 members.⁴ The British Isles, the Nordic region, and Australia and New Zealand come closest to having all PACs within this margin (see chapters 2, 4, and 10). South Asia records the largest variance, with Bhutan having five members and Sri Lanka having 31 (see Chapter 8).

Similarly, a larger variation exists within regions than across regions, with regard to staff supporting the PAC. Research suggests that PACs should be supported by at least one, and preferably two, full-time dedicated staff members (Stapenhurst, Pelizzo, and Jacobs 2014). Most PACs at least meet this minimum, although a few do not have any dedicated support staff: the Faroe Islands, the Aaland Islands, the Liberian Senate, Lesotho (which is rather surprising, because it is one of the largest PACs in the world) and most of the Caribbean countries, with the exception of the Cayman Islands, Jamaica and Trinidad & Tobago. Many of the smaller legislatures, with limited staff numbers, also have smaller secretariats supporting the PAC: Greenland has one staff member, and Bangladesh, Ethiopia, Kiribati, the Seychelles, Tanzania, Tuvalu, and Vanuatu have two staff members each. At the other end of the extreme, the Nigerian House of Representatives and Senate have 19 and 18 staff members, respectively; the Indian PAC has 12 members; and the South African and Swedish PACs have 10 members each.

Of course, other factors shape the capacity of PACs. In particular, PAC members should be appointed for the full mandate of the parliament (as, for example, in the case of West Africa: see chapter 6). In addition, although not examined here, the expertise of individual members is a challenge. All too often, PAC members are appointed to the committee but lack the requisite capacity to make any meaningful contribution to the work of the committee. Some PACs (namely, Denmark and Tuvalu, as well as Guernsey and Jersey) have developed an interesting mechanism to overcome this problem—the inclusion of nonmembers (of parliament) as committee members.

Motivation

PACs tend to be more successful when they adopt an impartial and objective attitude in dealing with the cases before them, rather than a partisan stance. The combination of an opposition party chair of the committee coupled with a committee membership that reflects the party balance in the assembly seems to work best. As McGee (2002) points out, such a combination limits the instances of divisions within both the committee and the issuance of minority reports, which are thought to limit the effect of PAC recommendations.⁵

⁴ In the Pacific, however, it was found that *smaller* committee size is associated with higher levels of PAC activity (Pelizzo, R. 2013).

⁵ Interestingly, only half of the Nordic PACs strive for consensus in their conclusions and reports, although Denmark reports strong conventions of striving for consensus, on the assumption that it strengthens the PAC conclusions and recommendations and has a positive effect on the government's acceptance of the audit findings.

In most regions, the majority of the PACs are chaired by opposition party members, and the membership of the committee is almost always allocated in proportion to political membership of the elected house. The exceptions to this general rule are the Nordic region (for example, in the Faroe Islands, the chair represents the largest party in parliament, and in Denmark, the chair is determined by seniority; see chapter 4) and Australia and New Zealand (most, but not all, PACs are chaired by government members; see chapter 10). In most other regions, the PAC chair is from the opposition party, although there are exceptions: for example, Southern Sudan and Malawi, in East and Southern Africa (chapters 5 and 7, respectively); The Gambia in West Africa (see chapter 6); Bangladesh, Maldives, and Sri Lanka in South Asia (chapter 8); and Kiribati, Papua New Guinea, and Samoa, as well as the Autonomous Region of Bougainville, in the Pacific (chapter 9). A particularly interesting finding in the Pacific is that a better representation of opposition party members on the committee and government chairs are associated with higher levels of activity.

A particular problem facing smaller countries, especially in the Caribbean and the Pacific, is that back bench and opposition MPs are not full-time, which limits their ability to spend sufficient time on oversight. This is compounded by the fact that, with smaller parliaments, many if not all government party Members are Ministers yet the tradition in the Westminster system is that Ministers should not serve on PACs. A recent study (Stapenhurst and Staddon, forthcoming) suggests that this rule be eased.

For motive, one must go beyond these institutional characteristics and examine what motivates members of parliament to conduct *effective* oversight. Findings presented by Pelizzo and Stapenhurst (2012) and summarized in chapter 1, deserve further consideration and research.

Concluding Thoughts

In addition to the previous discussion, the results from this research highlight the importance of a close relationship between the audit office and the PAC, on the one hand, and the variety of operational relationships involved, on the other hand.

Chapter 3 identifies the nature of an archetype supreme audit institution: the Westminster type of auditor general, a Napoleonic or Judicial type of court of audit or board of audit, or Collegiate model. Each type of supreme audit institution has potential implications for the nature and operation of parliamentary committees of financial oversight.

In the British Isles, where evidence exists of an audit explosion, the Isle of Man and Guernsey operate without an auditor general, but considerations may warrant establishing such a position (see chapter 2). The activities of the PACs in the Nordic region (chapter 4) and Australia and New Zealand (chapter 10) suggest highly active PACs that have strong links to the local auditor general and a clear commitment to promote positive change in their jurisdictions.

Perhaps the clearest message in this book, however, is that assuming that one best practice exists with regard to parliamentary oversight in general and PACs in particular is wrong. There are numerous different approaches, both within and across regions, that are, or at least could be, equally effective. PACs within a

particular region, and across different regions, can learn from each other. However, what works in one region or country may not work in another. A one-size-fits-all approach to capacity building, even within a particular region, could prove to be counterproductive. Some PACs need more staff, some need better representation of the opposition party, and still others need a broader mandate. These needs are, for the most part, independent from one another and are country specific. Careful assessment and thoughtful adaptation are necessary in transplanting structures and practices from one region to another.

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