PARLIAMENTARY OVERSIGHT + FINANCIAL ACCOUNTABILITY
Strategy for Good Government and Anticorruption

Parliamentary Oversight:
- Oversight Committees
- Budget Cycle
- Public Outreach
- Legislation

Accountability of Political Leadership:
- Disclosure of parliamentary votes
- Transparency in party financing
- Asset Declaration, Conflict of Interest Rules

Civil Society Oversight:
- Freedom of information
- Public hearings of draft laws
- Monitoring by media/NGO's

Competition & Entry:
- Competitive restructuring of monopolies
- Regulatory simplification

Public Administration and Public Finance:
- Meritocratic civil service
- Transparent, monetized, adequate remuneration
- Accountability in expenditures (Treasury, Audit, Procurement)
Heart of Executive-Legislative Relations: The Budget Process

Planning

Public Accountability

Independent Audit/Evaluation

Financial Reporting

INTERNAL

Budgeting System

Accounting System

Managerial Reporting

Cash/Debt Management System

Internal Audit

Budgeting Revenue & Expenditure

CONTROLS
Oversight : The Budget Process

- “The development, deliberation and passage of a budget with both legislative and executive participation represents one of the vital checks and balances of democracy”
  - Budget development is typically the domain of the executive branch.
  - Proactive estimate committees can seek public input into the budget planning cycle.
  - Public Accounts and other oversight committees, often chaired by a member of the opposition, oversee the integrity, economy, efficiency, and effectiveness of government financial management.
Fiduciary Obligations Explained

Parliament, PAC and public audit

- Parliament holds ‘power of the purse’ and obligation to hold the Executive to account

- Public Accounts Committees oversee use of public funds & resources by Executive

- Do this by examining public accounts
Fiduciary Obligations Explained

Mandates of PACs:

- PAC mandate determined by Standing Orders or the Constitution
- Narrow Focus - financial probity and regularity
- Wider Focus - value for money, performance audits, programme effectiveness
- Other matters can be referred to PAC
Fiduciary Obligations Explained
PAC and the Auditor General

- PAC work often determined by the AG reports
- PAC must decide follow-up issues
- An effective PAC = depts. taking AG concerns more seriously
- Cooperation with AG on follow-up = greater accountability
- Ensures Depts. are taking corrective action
Purpose of PACs

- How can parliament ensure that the budget as approved was properly implemented?
- Audit report only effective if findings are used to improve public financial management
- First PAC established in 1861 as an institutional mechanism to close the “circle of financial control” (Gladstone)
- Traditional focus on regularity and propriety
- Increasingly also on “value for money”
First principles: policy neutrality & non-partisanship

- PAC not to question underlying policy
- Main interaction with departmental officials
- In practice, often difficult to separate administrative and political responsibility
- Inter-party co-operation and preference for unanimity in decisions
- Opposition chairperson in 67% of PACs
Current Situation in the Commonwealth: Common Features

- Average size = 11 MPs
- Size reflects party in legislature.
- 2/3 of Chairs from an opposition party; and 1/3 from the governing party
- Prime focus on Public Accounts & reports of AG.
- PAC reports generally available to the public.
- Generally, PAC hearings are open to the public and media.
Who is normally called as witness?

% of PACs in Commonwealth (Source: CPA 2001)
Some challenges

**How ensure follow-up?**
- Tracking reports or chapters
- Departmental report backs
- Use of audit findings for budget approval
- Co-operation with civil society

**How strengthen relationship with AG?**
- Parliamentary liaison offices
- Some AGs Officers of Parliament

**How deal with varying quality of reports?**
- Skills enhancement & sufficient funding
- PAC and AG networks for mutual learning
Benchmarks for Measuring Performance?

- Activity Level
  - Number of Meetings
  - Keeping Up-to-date with audit reports
  - Costs + time of staff, members, witnesses
Benchmarks for Measuring Performance?

- **Output Level**
  - Number of reports (unanimous or minority)
  - Recommendations made, followed up and implemented
Benchmarks for Measuring Performance?

- **Outcomes Level**
  - Increased economy/efficiency of gov’t programs
  - Better compliance with laws/regulations
  - Improvements in financial + control structures
  - Enhanced public awareness of gov’t programs
  - Enhanced legislative knowledge about the state of the mgt of programs
Suggestions for Strengthening PACs: An “Ideal Committee”

- Small (5-11 Members)
- Senior Opposition Chair (fair minded)
- Committee appointed for term of parl.
- Adequately resourced
- Clarity in roles/responsibilities
- Meetings open to the media/public
- Strategic planning of work plan
- Auditor meets with C’tee to highlight report; AG a “senior advisor”
- C’tee may investigate other matters
- Reports published, and debated in parliament.
Suggestions for Strengthening PACs: Concrete steps

- Assess + keep info on work/accomplishments
- Clarify performance outputs/outcomes
- Produce an annual report
- Exchange info with other PACs
- Prepare members to make effective contribution
- Involve public, media + outside experts
- Protect independence of Auditor General
- Support the dev’t of sound mgt. Practices/reporting by gov’t
- Encourage the development of a legislative code of conduct
Ex ante Parliamentary oversight

- Annual Budget Approvals
- Parliamentary Questions
- Committee Inquiries