

Enhancing accountability for the use of public sector resources: How to improve the effectiveness of Public Accounts Committees

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Contents

1.	Introduction	1
2.	What do we mean by public financial accountability?	3
3.	Applicability of the “Westminster” model of accountability across the Commonwealth	7
4.	Mapping the actors in the accountability environment	11
5.	Specific challenges, pressures and constraints to PAC effectiveness	15
6.	The PAC and the SAI: some guiding principles for effectiveness	20
7.	(Re)constructing a “Commonwealth framework” of accountability for understanding and analysing PAC effectiveness	26
8.	How can this framework help understanding and improvement of PAC effectiveness?	30
9.	How to strengthen public financial accountability in Commonwealth countries: some entry points.....	32
	Selected references	36
	Appendix A: Framework for analysing PAC effectiveness factors	39

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All errors and omissions remain the sole responsibility of the authors.

List of Acronyms and Abbreviations

AG	Auditor General
AusAID	Australian Agency for International Development
C&AG	Comptroller and Auditor General (United Kingdom)
CID	Criminal Investigation Department
CPA	Commonwealth Parliamentary Association
CPC	Canadian Parliamentary Centre
CSO	Civil Society Organisation
DFID	Department for International Development (United Kingdom)
FEC	Finance and Expenditure Committee (New Zealand)
GAS	Ghana Audit Service
INTOSAI	International Organisation of Supreme Audit Institutions
MFPED	Ministry of Finance, Planning and Economic Development (Uganda)
MP	Member of Parliament
NAO	National Audit Office (United Kingdom)
NZ	New Zealand
OAG	Office of the Auditor General (Solomon Islands)
OECD	Organisation for Economic Cooperation and Development
PAC	Public Accounts Committee
PAEC	Public Accounts and Expenditure Committee (State of Victoria, Australia)
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PSAM	Public Service Accountability Monitor (Eastern Cape Province, South Africa)
SAI	Supreme Audit Institution
SFO	Serious Fraud Office
TPAC	Public Accounts Commission (United Kingdom)
UK	United Kingdom
UNDP	United Nations Development Programme
US	United States of America
VFM	Value for Money

1. Introduction

Across and beyond Commonwealth countries, Parliamentary Public Accounts Committees (PACs) occupy a key position at the apex of legislatures' scrutiny and oversight processes over the use by governments of public sector resources. This role draws upon the traditions of the British "Westminster" system of public financial accountability dating back to 1857 and to the establishment of the UK PAC in 1861 (House of Commons, 1857: 7). But in many countries the current practices depart markedly from this original model. It has been complicated and adapted because of a variety of pressures: the existence of strong informal practices alongside more formal constitutional mechanisms of accountability; the differing patterns of competitive multi-party politics; the development of presidential systems of government; and, demands from international organisations for new forms of accountability. The effectiveness of a PAC charged with oversight of government spending is thus dependent not only upon features of the committee itself but also on the political, economic, social and cultural contexts in which it operates. Any strategy, either domestic or international, to improve the work of PACs in enhancing financial probity, efficiency and value for money must appreciate and address the factors that can promote and inhibit such reforms within the distinctive circumstances of specific countries.

1.1 Scope and objectives of the paper

Through this paper we explore four key questions. What is public financial accountability, what are its objectives and which actors are involved? How can Public Accounts Committees become more effective in securing executive accountability for public spending? How can Supreme Audit Institutions strengthen their contribution to this accountability process? What options are there for PACs and Supreme Audit Institutions (SAIs) to carry out reform of their own working practices and to influence improvement in their accountability environments?

The paper addresses primarily the topic of PAC effectiveness, but it necessarily focuses as well on the critical role of SAIs in the accountability process. We take as a starting point the need to define accountability in a way that can be applied operationally to the objectives and work of the PAC. That definition builds upon the dual roles of the PAC in public audit and parliamentary accountability, of which the former is especially applicable to the SAI. We proceed by mapping the wider accountability-environment of actors and institutions, within which the PAC and SAI operate, and by considering the degree of variation in these arrangements across Commonwealth countries. We argue that the differences in specific practices between countries, including the UK, make it difficult to claim a "Westminster model" blueprint persists in any strict sense. We examine the differences between PAC arrangements and consider the factors that may enable, complicate or impede PAC performance and may explain variations in practice.

The second part of the paper offers a synthesis from the existing comparative literature on PACs and some observations about how we might better understand and approach PAC effectiveness. That section explores some common principles underpinning PAC arrangements in many countries and suggests a looser "Commonwealth framework" of guiding principles for PAC effectiveness may have replaced the tighter conditions of the "Westminster model" (or blueprint) of public financial accountability. We then develop a framework for analysing PAC arrangements, and extend that framework to assess PAC performance. Finally, the paper draws upon selected country experiences to propose some innovations in practice that may serve to strengthen PACs. Emphasis is placed throughout upon aspects of PAC activity where SAIs may play a key role.

Appendix A to this paper suggests a detailed framework for examining the effectiveness of a public financial accountability process centred on the Parliamentary Public Accounts Committee.

1.2 References to the literature and to contributory research outputs

This thematic paper is derived from an extensive review of the research and survey literature on public financial accountability, Public Accounts Committees, and Supreme Audit Institutions. A formal literature review accompanies this paper and provides specific referencing to the underlying literature. The paper has benefited from expert interviews and discussions with a selection of parliamentarians and government officials. The aim of this paper is not to advance definitive findings or conclusions, but rather to suggest propositions and ideas for how to approach improvements to public financial accountability in Commonwealth countries. The analysis in this paper is work in progress that will require more detailed empirical study to test the propositions.

Part A: The PAC model of public financial accountability

2. What do we mean by public financial accountability?

The merits of effective accountability are often held as self-evident and there is a corresponding assumption that PACs and SAIs occupy an important formal position as institutions of accountability charged with securing public benefit in increased financial probity and improved government performance. However, definitions of accountability are often left implicit and the objectives of domestic financial accountability arrangements vary between countries. For comparative analysis it is important to locate PACs and SAIs within the context of a wider process of public financial management (PFM) and to identify a common chain of accountability that links their activities to those of other actors. This section develops an operational definition of accountability.

2.1 The accountability concept

Accountability derives from the practical need to delegate certain tasks to others so as to distribute delivery of large and complex workloads. In turn, those entrusted with these delegated duties must be required after the fact to *render an account* of their actions. This idea of accountability can be divided into two stages. First there is *calling to account*, that is being required to provide an explanation of what has been done, or not done, and why. Then there is *holding to account*, or being sanctioned and required to put into effect remedial measures if something has gone wrong. In addition the concept of accountability may embrace lesson-learning and recognition that sanctions may not be appropriate where public officials have sought to innovate and have tried to manage the associated risks and effectively as possible. Accountability may result in the allocation of praise or blame (Jones and Stewart, 2008).

Accountability involves *someone* being held responsible for *something* by *somebody* or *something*, in a particular prescribed way. It may be horizontal, that is between parallel groups (such as the executive and the legislature) or vertical (for instance between the electorate and the legislature). Problems such as asymmetries of information between the two parties mean it is not possible for these or any other forms of accountability to entail constant and perfectly-informed oversight of all activities of those agents entrusted with certain responsibilities. Accountability therefore means the *potential* of being held to account. Horizontal accountability relates generally to the checks and balances between the executive, legislature and judiciary, and between different tiers of government and administrative entities within the public sector (Stapenhurst and O'Brien, *unpublished*; Scott, 2007).

Among these notions of accountability, PACs and SAIs are concerned principally with horizontal financial accountability between the executive and the legislature. In its representative function as a committee of an elected legislature the PAC also fulfils an indirect vertical accountability function, but the main interest in *ex post* financial scrutiny is horizontal accountability between the legislature and the executive. That is also the dimension explored in this paper. (For definitions and discussions of accountability, see Box 1 and the literature review accompanying this paper: Blick and Hedger, 2008.)

Box 1: Definitions of accountability

There is a wide definitional literature on accountability. It is useful to note some particular definitions and interpretations of the concept upon which this background paper draws.

'...accountability exists when there is a relationship where an individual or body, and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions.' (Stapenhurst and O'Brien, unpublished)

'Accountability is the liability to give an account of what one has done, or not done, to another who has authority to assess the account and allocate praise or blame.' (Jones and Stewart, 2008)

'...accountability denotes a relationship between a bearer of a right or a legitimate claim and the agents or agencies responsible for fulfilling or respecting that right. ... It denotes the duty to be accountable in return for the delegation of a task, a power or a resource.' (Lawson and Rakner, 2005)

'...the concept of accountability is ... how those entrusted with the powers of the State are held responsible for their actions.' (OECD, 2005)

'...accountability as a proactive process by which public officials inform about and justify their plans of action, their behaviour, and results and are sanctioned accordingly' (Ackerman, 2005)

2.2 Public audit and parliamentary accountability: locating public financial accountability

Within the framework of intra-governmental horizontal accountability in most Commonwealth countries, responsibility for scrutinising public expenditure, and for calling and holding government to account for that expenditure, rests with the SAI and the PAC. Public financial accountability is thus a triangular arrangement involving the executive arm of government, the parliament and the Supreme Audit Institution (headed by the Auditor-General). However, Parliamentary Public Accounts Committees also play a wider role in the context of accountability. They operate at the intersection between two forms of accountability: public audit and parliamentary accountability.

Public audit and parliamentary accountability are thus two dimensions of the process of public financial accountability. (This distinction is derived in part from Gay and Winetrobe, 2003.) The first of the two, public audit, involves the scrutiny of expenditure by an Auditor-General supported by a Supreme Audit Institution. It is usually retrospective, dealing with expenditure that has taken place, although it may comprise a forward-looking dimension. Public audit need not involve the legislature but in the Commonwealth there is an established principle of a link between the SAI and the Parliament, within which the PAC generally has the primary role on the parliamentary side. The second dimension of public financial accountability, parliamentary accountability, involves representatives (often elected) holding government to account for its actions and intentions. A central element within parliamentary accountability involves the granting of funds to the government in the form of a finance bill; and then ensuring that those funds have been used efficiently and effectively in the intended fashion. PACs are primarily concerned with this latter form of financial accountability.

Commonwealth PACs are usually the main recipients of reports produced by the SAI, to which their purpose is to add value through questioning witnesses, making recommendations and following up the implementation of those recommendations by government. PACs thereby assist the process of public audit and at the same time help to achieve the parliamentary objective of ensuring the government is held to account on behalf of the electorate, in particular for its use of public money. The two dimensions of accountability can be mutually reinforcing: the SAI provides support to the PAC, which adds legitimacy to and often protects the independence of the SAI. Their combined objective is to ensure that public money voted by Parliament is spent in accordance with legal and other norms, and is spent efficiently and in a way that provides value for money. But the two dimensions are neither the same nor subsidiary to one another.

From the foregoing definition of accountability, a question arises whether certain governance 'conditions' or environmental characteristics must be present in any specific country for effective public financial accountability to be possible. While this question must be answered empirically, it may be argued that public financial accountability requires an appropriate and accommodating cultural, political and constitutional environment. By implication, even a fully-functional PAC can be rendered ineffective if the surrounding financial governance environment is not conducive and supportive. This issue is addressed in detail later in the paper.

2.3 Differing interpretations of accountability objectives

The end objective of public financial accountability varies between countries and is influenced by the culture of public-sector governance. The identification of financial irregularity or impropriety and the public sanction and punishment of the individuals responsible is an important short-term outcome of a functioning accountability process in all contexts. Provided the process of investigation is rigorous and fair, the positive demonstration effects to the public and to officials across government can be significant. Provided there is no party-political or other bias associated with the focus on SAI and PAC scrutiny, there may be beneficial consequences in reduced levels of financial corruption and in the deterrent effect on public officials. In many Commonwealth countries the primary or even sole objectives of improved accountability are to identify, punish and rectify any wrong-doing.

However, the additional and ultimate purpose of these forms of accountability is to encourage, assist and secure improvements in the efficiency and effectiveness of the use of public money. Successful prosecution through the courts of corrupt officials as a consequence of SAI findings need not involve the PAC, which seeks more to expose civil service inefficiency, incompetence and maladministration. These activities may not be illegal, but rather areas where approved policy has not been implemented efficiently and effectively, and where public money may have been misused or wasted. Here the concept of the PAC "adding value" to SAI reports becomes important. The objective of accountability is not only to identify inefficiency but to establish the causes and to provide recommendations on how it may be reduced. Acceptance and implementation of those recommendations so there is progressive and systematic improvement in public-sector performance over time is a critical goal. It does not substitute for the emphasis on individual wrong-doing but is complementary (see e.g. McGee, 2002: 10; Bourn, 2007: 67-107; Premchand, 1999: 46). Where public sector officials have taken carefully-considered and properly-managed risks to pursue improved service delivery, recognition should accompany scrutiny of any short-comings or failures.

There is an important public dimension to both these sets of accountability objectives. Not only must there be effective accountability, but the public must have justified confidence it exists. Recognised improvements in public-sector governance and service-delivery performance are a consequence of a proper accountability process (Santiso, 2007).

2.4 The PFM context for accountability

Public financial accountability forms part of a wider process of public financial management. This cycle flows from the planning and preparation of the budget based on agreed government policy priorities, through the execution of that budget and the implementation of its implied policy objectives, to the process of accounting and reporting for expenditure and performance, and then to the independent audit and scrutiny of that expenditure and performance, the legislative adjudication of probity and efficiency, and finally the feedback of lesson-learning for improved financial control and more efficient public-sector performance. Accountability is critical not only as a means of identifying and penalising malfeasance or maladministration, but also as a mechanism for securing sustained improvements in the system of public financial management.

For the SAI and PAC the chain of effective accountability depends as much upon the wider financial governance environment within the public sector as it does upon the specific roles and activities of the two institutions vested with responsibility for securing that accountability. Such effectiveness relies critically upon the quality and timeliness of government reporting outputs (such as financial statements and departmental performance reports) and the follow-up by the executive of recommendations by the PAC. In combination these requirements imply the roles of the two institutions must be respected and taken seriously by the political executive and the bureaucracy, and that established working practices must at a minimum provide reliably the submission of complete and timely financial statements that can be audited and enquired into.

The subject of this paper is primarily *ex post* audit and financial scrutiny, but there is a wider dimension of accountability about the formulation and appropriation of the budget, where parliament and its committees could play a more pronounced role (see Wehner, 2004). The close integration of financial accountability with other dimensions of public financial management suggests a clear benefit to PAC expertise from greater PAC engagement in, and thus understanding of, the budget process. Where the PAC is also responsible for review of government supply estimates, actual performance can be compared knowledgeably against planned budget outcomes. However, the traditional emphasis in Commonwealth countries is on *ex post* scrutiny of budget execution. The argument against the dual role of a single committee in *ex ante* and *ex post* scrutiny is PACs may tend towards policy critique of the executive rather than holding focus on executive performance in policy implementation. The former function is typically assigned to departmental select committees, although the SAIs in some countries may provide technical support to those committees in their review of expenditure estimates. Countries lacking high PAC capacity will face an additional practical challenge from the increased workload associated with a wider remit.

2.5 Making the accountability concept operational for PACs

The objectives of accountability are often left assumed and under-specified in the literature on PACs. This paper defines PAC-related accountability in the context of public financial accountability. It is part of a wider context of public-sector financial governance, although the specific formal role and objective of the PAC deals with *ex post* financial scrutiny and oversight of historical and committed government expenditure. All resource use by government, whether conventional public spending or government activities which affect the balance sheet (e.g. privatisation of state assets, use of natural resource rents) or impose contingent liabilities (e.g. quasi-fiscal activities, public-pension arrangements) and other deferred spending commitments (e.g. PFI/PPP schemes), is deemed to fall within the purview of the PAC.

We have distinguished two dimensions of a PAC-centred accountability process: public audit and parliamentary accountability. One concerns the scrutiny by an SAI of government-resource use and the recommendations for improvements to control, efficiency and effectiveness. The other concerns the role of the legislature in oversight of government according to its stated budgetary intentions as represented in the annual finance bill and authorised through parliamentary appropriation. There may be country-specific variations in the detail of these functions, but the consistent objective is intra-governmental horizontal accountability for government expenditure and financial management.

3. Applicability of the “Westminster” model of accountability across the Commonwealth

Drawing on the above principles and objectives of public financial accountability, we can move on to consider how the accountability concept is applied in processes and institutions within the Commonwealth. To the extent that current systems of public financial accountability across the Commonwealth are derivative of the original Gladstonian principles dating back to 1857, we ask if it is still relevant to talk about a “Westminster” model or blueprint. In particular, the variation in public-sector governance arrangements across Commonwealth countries implies specific differences in both the formal and the informal working arrangements for PACs and SAIs operating within those contexts. There is evidence of considerable heterogeneity and even contradictory practices between some countries within the Commonwealth. This section explores the questions of whether a common model still exists and whether it is consistent with an archetype based on UK practices.

There are two interrelated questions. Does a blueprint for PAC and SAI arrangements and practices in line with the original UK model remain applicable across Commonwealth countries? Is the PAC-centred Westminster model of public financial accountability effective in public-sector governance contexts that do not resemble closely the UK political system and governance culture for which those accountability arrangements were designed?

3.1 The “Westminster” archetype and its assumptions

The Westminster model of public financial accountability, as embodied in the UK arrangements for external public audit by an SAI and *ex post* financial scrutiny by a parliamentary select committee, originated in a specific public-sector governance context and evolved in response to changes in that context. Certain features of the current “Westminster” system of government, some of which came to full fruition during the twentieth rather than nineteenth century, have influenced historically the make-up of the public audit and parliamentary accountability environment in most other Commonwealth countries. These UK features of political and public sector governance include (See for example Lijphart, 1999; Northcote-Trevelyan Report, 1854: *reproduced in* Public Administration, 1954.):

- an official head of state who is neutral in party-political relationships;
- the role of head of government fulfilled not by the head of state but by an indirectly elected Prime Minister, leading a team of ministers accountable to Parliament;
- an impartial Civil Service, with the bulk of administrative personnel remaining in post regardless of changes in the holders of ministerial portfolios or in the party of government;
- a set of constitutional arrangements within which informal, uncodified practices are prominent;
- effective and accepted restraints on executive power;
- competitive elections involving two or more national parties; and
- general constitutional stability and acceptance of the legitimacy of existing arrangements.

An understanding of the factors influencing the effectiveness of PACs across Commonwealth countries must take account of certain important assumptions and caveats about the different

country circumstances, including those listed above. The Westminster model in the UK reflects specific characteristics of the UK system of public-sector governance. Corresponding PAC arrangements in other countries, even those that inherited a Westminster system of governance, will have evolved and adapted to their own country contexts.

An important distinction explored in this paper is between those modifications and innovations that have served by design to increase PAC effectiveness and those undermining the principles of public financial accountability imbued in the “Westminster model”. We hypothesise here that deliberate evolution of the system of public financial accountability in response to country context has produced an array of practices which are necessarily different but capable of being similarly effective.

It may be argued that certain characteristics of the chain of accountability are common (See UK NAO paper for Commonwealth AGs’ Conference, 2008):

- authorisation of government expenditure by Parliament;
- production of annual accounts by government departments and other public bodies;
- the audit of those accounts by the state audit body;
- the submission of audit reports to Parliament for review by a dedicated committee – normally called the Public Accounts Committee (PAC);
- issue of reports and recommendations by the PAC; and
- Government response to PAC reports.

However, we argue there is considerable variation between countries in the specific mandate and working arrangements of the PAC within this accountability process.

More detailed analysis of these differences and the rationale for their emergence may help us more to identify possible PAC success factors than a narrower focus on comparison with a “Westminster” archetype that may be difficult to discern.

3.2 Evolution of PAC arrangements and working practices across the modern Commonwealth

We consider the implications of the absence of some of these political and cultural characteristics later in this paper. But some key constitutional and legislative features of certain Commonwealth countries within which PACs operate mean it is difficult to describe them accurately as ‘Westminster model’. Consequently a system of public financial accountability designed for historical UK conditions may require modification to be made country-relevant and effective. For example, ‘Northcote-Trevelyan’-type principles for the civil service – political impartiality, appointment through open competitive examination, and promotion based on merit – do not hold throughout Commonwealth.¹

Even the UK system no longer represents perfectly the original “Westminster model”. Any attempt to compare current international practice with Westminster’s must choose between the original model and its present interpretation in the UK. This analysis implies a judgement about whether the model should be a static blueprint (an archetype) or a more dynamic set of country-specific

¹ For a recent restatement of these values in a draft piece of UK legislation, see: *The Governance of Britain – Draft Constitutional Renewal Bill*, Cm 7342 – II, London, March 2008, Part 5.

arrangements underpinned by a set of commonly-observed principles. Identification of the appropriate comparator is not easy.

Specific examples demonstrate the differences that have emerged in PAC practices. In New Zealand and the State of Victoria in Australia the PAC equivalent (i.e. FEC and PAEC, respectively) is responsible not only for *ex post* oversight of government expenditure and performance, but also for *ex ante* review of the draft budget estimates and budget policies. In Australia the PAC is chaired by a parliamentary member of the governing party and Ministers may be called as witnesses, contrary to the practice in many countries that the PAC Chair is drawn from an opposition party and civil servants are called as witnesses. In Papua New Guinea the PAC comprises both MPs and non-parliamentarians, and in the Solomon Islands the AG is Secretary and senior adviser to the PAC. The UK PAC does not have exclusive access to advice and support from the SAI, but is instead one among several parliamentary committees (although the PAC is the SAI's most important parliamentary interface by some considerable degree). In Canada the PAC publishes annual Status Reports on follow-up of the recommendations made in PAC reports. The Ugandan PAC has recently established a sub-committee to undertake special enquiries. PACs in Uganda, UK, Canada, Australia, Solomon Islands, NZ and elsewhere hold most hearings in public, whereas others such as India hold their sessions in private.

Viewed in isolation, and out of context, it is difficult to determine whether these different arrangements represent innovations that would be beneficial if replicated more widely in other countries. Such judgement must be based upon their specific impact upon the effectiveness of a PAC in achieving accountability objectives in a specific country.

At a more detailed level there is wide variation in the frequency, regularity and duration of PAC hearings; the nature and frequency of the PAC reports; and the conduct of PAC sessions, such as the time allocations for questioning by PAC members (see e.g.: McGee, 2002). However, we argue these detailed points will have a less significant impact than differences in the PAC membership, scope of work and transparency arrangements.

Box 2: Uganda

A step-change is occurring in the nature of PAC-centred public financial accountability in Uganda. Perceptions among politicians, the media and civil society groups are that scrutiny of public expenditure is increasing and that the PAC is starting to become more effective. Progress should not be overstated, but a cautious assessment of the factors underlying perceived improvements in PAC effectiveness is instructive.

The increased prominence of the PAC and its growing influence in the accountability process has coincided with the reintroduction in 2006 of multi-party elections for the first time in twenty years. It is unclear whether renewed political competition has been the prime invigorator of the PAC, but it is difficult to view it as incidental. The prospect of political challenge by a legitimate and active opposition party in government is a strong incentive for government to take seriously the parliamentary processes through which the media and the electorate become aware of government probity and performance in public expenditure.

At least three other factors are also likely to be important: the capability and approach of the PAC Chair, the expertise of the full PAC membership, and the strengthening relationship between the PAC and the SAI (especially the Auditor General). The fact that the PAC Chair is a member of the main opposition party is necessarily linked to recent reintroduction of political parties, but the mere convention of an opposition chairperson is not sufficient to improve the effectiveness of the committee. In Uganda, the consensus among parliamentarians from both parties on the PAC and the Finance Committees, the Auditor General and his deputy, and key staff from the Accountant General's Department in the Ministry of Finance, Planning and Economic Development (MFPED) is that the positive impact of the current PAC Chair derives from his aptitude and approach just as much as his adversarial political affiliation. Under his influence, the PAC is developing a reputation among public officials and in the media for tougher

questioning of officials and Ministers. Linked to this increasing professionalism of approach is the greater prominence of qualified accountants sitting on the PAC. A particular benefit of the stronger financial management expertise that was noted by PAC members at a workshop in 2008 is the reduced opportunity for departmental officials to mislead the Committee on points of technical detail.

The third significant factor noted by PAC members and the Auditor General is the quality of the relationship between the PAC and the SAI. Following recent appointment of the incumbents, the PAC Chair and Auditor General have strengthened their cooperation to secure mutual advantage. Results are started to be discernable. Delays in the preparation of external audit reports by the SAI, their subsequent consideration by the PAC through hearings and reports, and the government response to the PAC in the form of a 'Treasury Minute' have all been persistent and severe. Production of both the audit reports and Treasury Minutes are beyond the direct control of the PAC, yet each is essential for the PAC to succeed in its accountability remit. In Uganda, the Auditor General is now focused on improving the timeliness of producing audit reports as the core input to PAC hearings and is playing a greater role in the follow-up domain by 'auditing' the implementation of government commitments in the Treasury Minute as part of subsequent year financial audits. Evidence of beneficial cooperation between the PAC and SAI is also apparent in the PAC hearings, with a recent session on financial statements of the High Commission in London showing joint preparation prior to the hearing and effective support from the AG representative during proceedings.

Despite this progress, challenges persist in certain critical areas. Delays in the accountability chain persist in part because of inadequacies in existing public finance legislation. A clear legislative timetable for government reporting, external audit, parliamentary scrutiny and government follow-up has been identified by all key actors as a necessary next step for strengthening PAC-centred public financial accountability. A new enabling law has been presented to parliament and is currently under scrutiny. If passed without amendments that distort its main provisions, it will provide greater independence for the Auditor General. However, there is agreement within the PAC and by the AG that provision must also be made for a clear and fixed timetable.

Another issue relates to whether the 'Accounting Officer' principle conveys successfully in the Ugandan context. Unlike PACs in some other Commonwealth countries, the Ugandan PAC has powers to call before it government ministers and expert witnesses in addition to senior civil servants. Although these groups tend not to be summoned regularly to appear before the PAC, it may complicate the intended emphasis of the Westminster-type public accountability system on scrutinising departmental performance in implementing agreed policy. The 'accounting officer' concept, itself not universal across Commonwealth countries, holds the most senior departmental civil servant responsible for the operational performance and financial management of his/her department. In the absence of an embedded culture of accountability, Accounting Officers appearing before the Ugandan PAC have tended to interpret the process as scrutiny of their individual actions rather than the performance of the department which they head.

Complication arises also because there are three individual PACs covering respectively central government, local government, and public enterprises and state corporations. More than 70 parliamentarians are involved in these committees, placing a strain on resources. PAC sessions are often extended because there are too many questioners and it is difficult to determine priorities among the large number of members.

Strengthening the PAC and the SAI in Uganda remains a work in progress, but there have been some clear achievements. It is clear that the wider public sector governance context, the specific institutional arrangements for public financial accountability, and the working practices of the PAC and SAI all have a bearing upon PAC effectiveness and accountability outcomes. The quality of the relationship between an independent and respected Auditor General and a determined and capable PAC Chair is a critical first step.

Sources: Workshop with Ugandan delegation from PAC, SAI and MFPED on 27 February 2008; PAC hearing at Ugandan High Commission in London on 29 February 2008

3.3 Re-assessing the relevance of a “Westminster model” of accountability

Political governance systems vary widely across the modern Commonwealth to the extent that it may be misleading to generalise about a common “Westminster” system of government except at a level of broad principles. Even then, the categorisation may be more useful as a device for distinguishing other broad systems of governance than as a means of isolating homogeneity across a swathe of Commonwealth countries.

The PAC in its remit, configuration and working practices is both a part of this public-sector governance context and is affected specifically by its wider dimensions. The nature and prominence of informal institutions may be in tension with formal constitutional arrangements. The extent of presidential power and discretion over public-sector governance characteristics such as appointments and legislative independence, and the extent to which there is political competition associated with a multi-party political system will bear upon the PAC’s ability to operate effectively. Equally, the nature and features of PAC activity will have a direct and potentially strong influence upon the quality of public-sector governance. The relationship is thus complex and endogenous.

Just as the original Westminster model itself has evolved across the modern Commonwealth, the arrangements for PACs have developed and different features have emerged which suggest significant distinctions in working practices. Some of these differences may be attributed to variations in formal and informal institutional development of the PACs. Others reflect specific choices and decisions about how arrangements for public financial accountability will be structured and organised. Caution is necessary when attempting to distinguish cases where reform may be necessary to align practices with the Westminster basis from those aspects that reflect conscious decisions to deviate from that ‘model’ in response to country-level factors.

The premise that a tight and coherent “Westminster model” remains and is widely applied may no longer be accurate. It is not clear whether such a “model” represents original or current UK principles and practices (Jones and Jacobs, 2005: 6; Rhodes, 1997: 3). Moreover differences in fundamental constitutional arrangements may be inconsistent with the original and current UK approach to securing public financial accountability. Given the disparities between underlying constitutional frameworks (although not solely because of them), PACs may operate in a variety of different ways.

4. Mapping the actors in the accountability environment

This section moves beyond the analysis of the institutional framework for PAC-led accountability in “Westminster-type” systems to consider the actors in the accountability environment. Having set out the “rules of the game” under which domestic accountability between executive and legislature operates, we must understand which players are involved and in what way.

4.1 Stakeholders in the accountability environment

We have presented the PAC as the lynchpin of the “Westminster” accountability system and the SAI in its role as provider of analytical expertise and strategic advice to the PAC. The inter-related roles of the PAC and the SAI sit at the centre of *ex post* financial scrutiny arrangements in the “Westminster model”, and this arrangement persists, at least formally, in most Commonwealth countries. But a wider set of actors must be considered. As the object of the accountability process, the executive (including politicians and civil servants) is a critical player. In addition, the president (in countries where this institution exists), the legislature (from which the PAC is drawn), ‘watchdog’ organisations (e.g. anti-corruption commissions, ombudsmen), civil-society

organisations, the media, the judiciary, business groups, international and supra-national organisations, and the electorate as a whole are important stakeholders that can influence to varying degrees the quality and effectiveness of the accountability process. We consider only some of these players, although all may perform important roles and some are capable of exerting a strong influence – positive or negative.

4.2 The Supreme Audit Institution and its relationship with the PAC

The two central agencies within the institutional and organisational framework of accountability are the SAI and the PAC. The SAI is the main actor in the public audit dimension of the public financial accountability system, and is responsible for making a judgment – typically expressed through an opinion by the Auditor General – about the probity, efficiency and effectiveness of government use of public funds. The head of the SAI, the Auditor-General, is a senior public figure. The SAI possesses the expertise and often resources enabling it to scrutinise and assess government expenditure, with access to official sources of information. It produces reports that form the basis for PAC work, although the SAI enjoys an independent mandate that allows it to determine the focus of its work in line with any relevant legislative requirements. In principle, if not always in practice, the SAI mandate affords it a central role in the process of public-sector accountability. It is, however, reliant on a parliamentary audience for its reports so that findings and recommendations may translate into effective pressure upon government to improve financial control and efficiency, and ultimately public-sector performance. Aside from criminal issues which are taken up by the Serious Fraud Office or an equivalent body, the role of the PAC is to pursue and then follow up concerns raised by the SAI.² There are exceptional examples where an Auditor General may achieve direct influence and change at the political level. But, typically, it relies upon its relationship with the PAC for its major impact.

Drawing primarily, and in some countries exclusively, on SAI reports and findings the PAC conducts inquiries into the government's use of funds. It has specific recourse to the senior civil servants who are responsible for the financial management of government ministries, departments and agencies. These senior civil servants ('Accounting Officers' and their senior management colleagues) are typically called as witnesses before the PAC, in exception to the more general rule that ministers and not civil servants are accountable to Parliament.³ In the archetypal 'Westminster' system the accounting officer is individually responsible, and thus accountable to the PAC, for the financial management and performance of his/her department. However, the accounting officer principle is not universal across Commonwealth countries.

By convention the PAC is regarded as the pre-eminent parliamentary committee. Its chair is a senior parliamentary figure and typically a backbench member of the principal opposition party. In most Commonwealth countries the PAC has a wide remit that permits reference to any current and historical government financial activity across the whole of the core public sector. It can address department-specific financial management issues or wider cross-cutting public-sector efficiency concerns. It typically lacks an extensive staff capable of carrying out the background research, analysis and preparation for PAC hearings. By convention the role of the SAI is to provide that support.

The SAI and PAC have a necessarily close and perhaps even 'symbiotic' relationship. The SAI provides the PAC with the reports that form the basis for its work, and vital technical support and expertise. The PAC adds value to the work of the SAI, drawing on its democratic legitimacy and

² The PAC in Uganda has an unusual relationship with the Criminal Investigation Department (CID), which is represented on the PAC and pursues cases of suspected illegality identified by the PAC.

³ The findings of a survey by the Commonwealth Parliamentary Association in 2002 found that [Ministers appear before the Public Accounts Committee in 31 percent of the 70 Commonwealth countries covered.](#)

status as a parliamentary institution. The two organisations are distinct entities with separate and independent mandates (see e.g. Gay and Winetrobe, 2003).

4.3 The media and civil society organisations

Civil-society organisations and the media are important and have received much recent attention in public financial management reform programmes in many Commonwealth countries. Where they are well-established, free to operate without hindrance or limitation, and readily able to access information on government (financial) activity and performance, they can exert direct pressure on the executive and can play an indirect role in supporting the PAC (and SAI) by providing information and suggesting lines of enquiry. Recent developments in Ghana where PAC hearings have been opened up to the media suggest the benefits of greater press coverage in stimulating public awareness and debate, and causing the executive to take greater note of the increased public interest that arises (see Box 3). The role of the media as a stakeholder in the system of public financial accountability may extend beyond these being an important conduit to the wider public for PAC deliberations and conclusions. Investigative journalism may contribute to the content of formal horizontal accountability through a supply of information and journalistic research to PAC members.

In a similar vein civil-society organisations can provide PACs and SAIs with valuable suggestions on the direction of their enquiries as well as background evidence for those enquiries. Along with the media CSOs offer a mechanism for disseminating findings and recommendations. Both can exert additional pressure on politicians and civil servants to improve individual conduct and wider public-service performance. The work of Public Service Accountability Monitor (PSAM) in Eastern Cape Province in South Africa offers an example of efforts by a CSO to enhance executive accountability (Ramkumar, 2008). PSAM focuses on the provincial government administration and gathers information on the management of public resources and the handling of misconduct and corruption cases by government departments.

Both the media and CSOs will often have an even stronger direct influence on the political executive which may extend to the civil service through diagonal accountability relationships.⁴ To retain pre-eminence in the arena of public financial accountability the PAC must ensure its work has relevance, its conclusions are convincing, and its recommendations are followed up and implemented. It may benefit from inputs by the media, CSOs and individual citizens or constituents, but it derives much of its effectiveness from the relationship with the SAI. The quality of that relationship is important and warrants more detailed analysis and discussion.

Box 3: Ghana

Ghana has pursued an ambitious programme of public sector reforms over the past twenty years, including initiatives aimed at improving financial accountability and strengthening democratic political governance. There has been considerable success, but challenges also remain. In terms of financial scrutiny and oversight, Ghana offers a useful illustration of recent initiatives in many Commonwealth countries.

Ghana is a stable democracy with a multi-party electoral system. There have been four general elections since 1992 and a peaceful change of government occurred in 2000. Most hallmarks of a Westminster-type majoritarian system of government are present, but the existence of a directly and separately elected president means the constitutional framework is different from that of the standard Westminster

⁴ Diagonal accountability relates to citizen engagement in the process of horizontal accountability. It involves direct participation in horizontal accountability mechanisms, improved access to information flow about government performance, and co-opting of the authority of horizontal accountability institutions to compel officials to answer and the authority to sanction them. (Stapenhurst and O'Brien, *unpublished*)

parliamentary model. These arrangements affect the institutional environment within which the Parliamentary Public Accounts Committee (PAC) and the Ghana Audit Service (GAS) operate and account for some of the challenges that are now being addressed.

The PAC faces some practical constraints to its effectiveness. It is not well-resourced and consequently suffers from logistical problems as well as lack of supporting committee staff. Until very recently, it had no separate facilities and thus no suitable premises in which to conduct regular hearings. The PAC membership includes some qualified accountants and is representative of all regions in Ghana. However, it does not meet frequently enough to achieve coverage of most of government activity and expenditure. There is a substantial backlog in both GAS reports and PAC consideration of external audit reports. When they do take place, PAC hearings tend to focus on specific and detailed points rather than to take a wider view of the systemic issues. Good public finance legislation exists, but adequate funding is not available to give proper effect to it and political commitment to support its implementation is limited.

There is some cause for optimism based on recent developments and innovations. In early 2007, representatives of the GAS and the PAC reported two significant improvements. PAC participants at seminar organised by CPA and WBI reported that the PAC was recently given a modest budget of its own (US\$ 100,000) for the first time. Parliamentarians are committed also to securing an increase in funding for the GAS. Parliament agreed to strengthen and protect the independence of the Auditor General by giving the PAC power to approve the GAS budget. Relations between the PAC and the GAS have been strengthened through the establishment of a dedicated Parliamentary Liaison Officer who is appointed at the level of Assistant Auditor General.

The House leadership also agreed in principle to open PAC meetings to the public, which it planned to do later in 2007, when new facilities would offer sufficient space. Accordingly, international donor agencies funded an open session of the PAC (with payment of stipends to PAC members and hire of facilities for the session), which took place for the first ever time late in 2007. The hearing covered the financial report and audited financial statements for Financial Year 2005. The proceedings were attended for the first time by members of the public and civil society groups, received wide coverage in the press, and were recorded in Hansard. The PAC report on proceedings is due to be published and made publicly available. This event was a genuine step forward. It underlined the increased engagement of civil society groups in the work of the PAC, backed up by strong grass roots, web-based campaigning; and the value of a genuinely free media.

A further set of proposals was presented by the PAC delegation at a peer exchange seminar organised by the CPA and WBI in 2007. It was suggested that the PAC would begin using subcommittees to enable it to deal with major reports within six months. It should also be given additional resources to enable it to hire consultants and to strengthen its liaison office with the Auditor General. The PAC should share information with other PACs, including in Africa and especially in West Africa. There was reference to the desirability of forming audit tribunals in the judicial system to pursue incidents of inappropriate spending uncovered by audit investigations. A recent speech by the Ghanaian PAC Chairman set out two further objectives: to secure some parliamentary involvement in the presidential appointment of the Auditor General, and to amend the Standing Orders of the House to make it possible for the PAC to initiate its own inquiries without waiting for the Auditor-General's report.

Although some of these innovations are yet to take effect, they suggest a clear and positive trajectory. Two aspects may be especially significant: the strengthening relationship between the PAC and the GAS; and the opening of PAC hearings to the media and general public. The emerging evidence is that greater transparency in proceedings has stimulated increased public interest in government activities and – if open proceedings are allowed to persist by the government – will strengthen demand for financial accountability.

Sources: CPA et al (2007); CPA et al (2007a); EU-funded support project to GAS; CPA report on presentation by Ghanaian PAC Chairman about first public hearings in 2007

5. Specific challenges, pressures and constraints to PAC effectiveness

We now turn to a more detailed discussion of some specific challenges facing PACs, because they modify the discussion of 'ideal-type' PACs and 'standard' public financial accountability arrangements across the Commonwealth. These constraints may subvert the intended objectives of domestic public financial accountability. Although many of the issues are most apparent and most persistent in developing countries, they are not exclusive to that group and neither is the set of issues exhaustive (for discussions of some of these difficulties, see: Wehner, 2003; McGee, 2002, Pelizzo and Stapenhurst, 2007; Wang and Rakner, 2005; Santiso, 2007).

We discuss below some of the more significant issues: the impact of presidential systems of government; the absence of competitive, multi-party systems of political governance; the influence of informal accountability relationships; the absence of informed and mobilised domestic political constituencies to hold government to account; the lack of staff, facilities and financial resources; and the usurping of domestic accountability mechanisms by international (donor) accountability demands and requirements. We consider whether the constraints they imply are surmountable.

5.1 The absence of competitive political systems

A political-governance system that differs from the one for which the PAC model was originally developed may contribute to additional challenges for PAC effectiveness. The absence of a competitive multi-party system can lead to executive dominance of the legislature that can render parliamentary accountability mechanisms, including the parliamentary scrutiny performed by the PAC, ineffective. A strong feature of the Westminster parliamentary system, for which the PAC-centred system of accountability was designed, is the regular occurrence of competitive elections involving two or more national parties. The associated conventions of independence, policy neutrality and bi-partisanship, as well as the presumption of a fair yet critical *ex post* scrutiny process, will be difficult to achieve or may indeed be irrelevant in the absence of a competitive multi-party system. Questions therefore arise about the congruence and compatibility of PACs with non-competitive single-party political systems.

5.2 The dominance of informal accountability relationships

The political systems in some Commonwealth countries may be characterised by dual lines of accountability – those formally represented by the legal and constitutional system of political governance, and those that run along more informal or 'clientelist' lines between politicians or parliamentarians and their political support-bases. The latter will not necessarily conflict with the more formal accountability arrangements – they may accommodate them to some degree – but informal relationships will tend to be more dominant in societies where strong ethnic, tribal and religious ties pervade political affiliations and constituencies. The challenge for accountability is greatest in 'neo-patrimonial' systems where the formal presence of legal-rational institutions masks the real dominance of informal institutions (See O'Neil, 2007).

A particular consequence of informal accountability taking precedence is the likely absence of transparency in these relationships. The formal and often public process of PAC-centred accountability serves a dual role of holding government to account for its actions based on a predictable set of agreed rules, and of demonstrating to government officials and to the public that such accountability exists. Transparency and accountability become mutually reinforcing objectives in this context. Conversely, the very nature of informality means accountability may

become partial, partisan and unpredictable. This outcome is antithetical to the intended process and objectives of the Westminster-type model of horizontal accountability.

5.3 The impact of presidential systems of government

In the presidential systems of government characteristic of some Commonwealth countries in sub-Saharan Africa, the president exerts a profound influence upon all intra-governmental accountability relationships. As a separately and directly elected figure he/she often enjoys a high level of popular legitimacy which translates into significant effective power and authority. Thus the application of “Westminster-type” public financial accountability in a presidential (rather than Westminster parliamentary) constitutional setting will produce a different balance of relationships. Where the power associated with this office combines with a party-political alignment between the elected president and the governing majority in the legislature, the opportunity for presidential influence over the accountability system, through appointment powers, can become very strong. At least two practical consequences may arise. The role of Auditor-General, if not guaranteed independence by the constitution or through primary legislation, may become a presidential and political appointment. Equally the majority of the PAC membership, which is typically representative of the governing party or coalition majority on the legislature, may become encouraged or inclined towards partisan behaviour if there is strong presidential alignment with the ruling party and a tendency for that affiliation to translate into attempted influence.

Such arrangements and influence can easily translate into an environment that is not conducive to rigorous and non-partisan audit scrutiny by the SAI and the PAC. Neither of these outcomes is a necessary or inevitable consequence of the presidential system, but the checks and balances may require more careful design and monitoring where PAC-led accountability sits within a non-Westminster political system.⁵ Conventions such as the appointment of a senior backbench parliamentarian from the main opposition party to chair the PAC may promote greater independence, actual and perceived. Vetting of presidential appointments through parliamentary hearings may reduce the politicisation of key positions such as the Auditor General.

Various institutional checks and balances may evolve or be introduced to constrain undue presidential and executive government influence. These will need to fit with the institutional context if they are to be effective. The PAC model of horizontal accountability operates in both parliamentary and presidential systems, but the detailed arrangements associated with the Westminster parliamentary system will not necessarily be compatible in a presidential context. There is no reason in principle why a PAC-based model will be ineffective in a presidential system of government but there will be different dynamics and challenges.

5.4 The absence of domestic demand for public-sector accountability

There may be an absence of informed and mobilised domestic political constituencies to hold government to account. The effectiveness of the PAC and other formal institutional arrangements for horizontal accountability relies to some extent upon the interest, engagement and freedom of non-state actors whose perceptions, opinions, actions and, ultimately, voting intentions matter to the government. The media and civil-society organisations can play important investigative and informational roles which can prove highly influential on the actions of government and individual public officials. Media and CSOs exert some direct influence over such actions and decisions, and they indirectly provide support to the PAC function. The information and the access they

⁵ Thompson (1980), Jones and Jacobs (2005) and Jacobs *et al* (2007) have coined one particular hybrid of Westminster-style parliamentary and US-style presidential systems of government the ‘Washminster’ system.

provide for the wider public to understand and interrogate government performance can act as a powerful incentive for government to target legality and value for money.

These strong demand-side pressures from the tax-paying and vote-wielding public, organised civil society groups, and the media may not be present in all Commonwealth countries. Where such demand is weak or lacking, government officials may feel insufficient incentives to take seriously the findings of the SAI and of the PAC. The wider public-sector governance environment of the SAI and PAC matters for their effectiveness in holding government to account. The necessary imperative for government to produce complete and timely financial statements, and then for the government to learn from past deficiencies and implement recommended actions, may be absent without strong supporting incentives that outweigh the benefits of inefficient or corrupt behaviour.

5.5 Lack of staff, facilities and financial resources

In many developing countries one of the greatest constraints on PAC effectiveness is a practical lack of staff and facilities. PACs do not typically have a large number of expert or administrative staff, even in well-established and resource-rich countries. A full-time Clerk to the committee and one or two expert advisers may be a sufficient minimum, but not all Commonwealth countries have this staff complement associated with the PAC. PACs tend not to require a substantial technical staff and rely instead upon the close relationship with the SAI. The need for the SAI to have an adequate number of suitably-skilled staff is, by extension, an important requirement for PAC effectiveness. The SAI will typically support the PAC by providing audit reports that are the primary basis for PAC work. It will directly assist the PAC through briefings and advice on work planning, hearings, reporting and follow-up.

Lack of facilities is a common constraint, applying both to the need for suitable premises to carry out formal PAC hearings, and to the availability of computers and internet access for PAC members and staff to prepare for hearings and produce reports. In both staff and facilities the underlying issue will most likely be an inadequate allocation of financial resources to the PAC. This challenge may go beyond stringency of budget provision across the entire public sector. Although decisions over SAI and PAC budget allocations would ideally be made independently by a parliamentary commission and then approved by the president (where applicable), executive interference in these budgetary decisions persists in some countries. Executive reductions in SAI supply estimates may be politically-motivated if the government attempts to reduce the effectiveness of the SAI (and PAC) by indirectly constraining its access to staff and facilities. Alternatively the executive, through the Ministry of Finance, may simply apply the same fiscal discipline to the SAI as to other public sector budget holders. In either scenario the practical consequence is the same: effectiveness of both SAI and PAC may be undermined through executive interference.

Box 4: Solomon Islands

The Public Accounts Committee in the Solomon Islands has made some recent progress in improving its effectiveness. Reform progress is reported regularly to regional meetings of PACs and action plans are developed annually for targeting performance improvements. The PAC has recently begun to receive technical support from UNDP, AusAID and the Commonwealth Parliamentary Association, aimed at improving working arrangements and practices.

The main features of PAC arrangements in the Solomon Islands are similar to those in many other Commonwealth countries. There is a bi-partisan membership, which is determined by the Speaker in Parliament under power of a standing order. The PAC is responsible for: examining the public accounts and related Auditor-General's reports; establishing causes of excesses over authorised expenditure and making recommendations to Parliament; and summoning of public officers to give information and

explanation. There is a permanent secretariat and a small research staff, supplemented by support from the Office of the Auditor-General (OAG) particularly during review of the budget estimates. Unlike the practice in most Commonwealth countries the Auditor General serves as Secretary to the PAC and is its senior adviser. The media is invited to PAC hearings, which are recorded and aired on the local TV station during and after the evening news. The hearings are quite robust with active questioning of witnesses and debate among the Committee.

One feature of the PAC in the Solomon Islands that is less common among Commonwealth countries is the combined function of *ex post* audit scrutiny and *ex ante* review of draft budget estimates. The PAC has been mandated since 1982 to consider the draft estimates prepared by the Government in support of the Annual Appropriation Bill. It has powers to summon and interview accounting officers in relation to the draft estimates, and to report its findings to Parliament. A dual function is also held by the Finance and Expenditure Committee (FEC) in New Zealand and by the Public Accounts and Estimates Committee (PAEC) in the State of Victoria in Australia, but it is not commonplace. The FEC in New Zealand is authorised to delegate review of the budget estimates to other relevant select committees.

Recent progress by the PAC in terms of effective *ex post* audit scrutiny has been reported in the area of reporting and follow-up. In 2007 the PAC tabled seven reports in Parliament, of which six were based on reports produced by the Auditor General. This marks an increase in the frequency of reports which may be a significant contributor to PAC effectiveness. Regular reports during the financial year on particular subjects or ministries are more likely to be time-relevant and may have a greater prospect of detailed review by Parliament and the executive. However, significant backlogs have tended to impede PAC effectiveness, with 1997 accounts still being considered by the PAC in 2006. Related to the nature of reporting is the effectiveness of follow-up and implementation. Equivalent to the Treasury Minute are ministerial Action Plans in response to PAC recommendations, which are then followed up by PAC and OAG after six months.

The PAC and the OAG in the Solomon Islands have jointly committed themselves to further reforms in 2008, which include:

PAC

- Develop a protocol between the PAC and AG
- Develop a PAC handbook
- Conduct a workshop for ministerial, departmental and other interested stakeholders on the role and powers of PAC
- Continue with the ongoing parliamentary legislative framework review with the view of changing PAC to PAEC
- Conduct five enquiries during year 2008
- Follow up on 2007 outstanding audit reports
- Produce and table 2007 PAC Annual Report
- Invite provincial assembly PACs for observation

Auditor General

- Complete the legislative framework review which will:
 - widen scope of the Auditor-General's function to carry out performance auditing
 - improve provision of resources for PAC
- Produce the 2007 annual report and submit to Parliament through PAC
- Complete all 2007 audits for PAC's scrutiny
- Extend the remit of the Auditor General to cover the Ministry of Provincial Government (*The provincial governments operating under this Ministry have never been audited even though 95% of their expenditure is funded through transfers from the Ministry.*)

Notable innovations in PAC arrangements in the Solomon Islands are the combined responsibility for reviewing draft estimates and reported expenditure, and the increased frequency of PAC reports to Parliament. In both cases, the relationship with the OAG has been critical: it supports the PAC in reviewing the draft budget and has increased the frequency of the audit reports upon which PAC work is based. It is relevant also to note that some practices divergent from the strict Westminster model appear to be capable of supporting improvements in PAC effectiveness. There seem equally to be benefits arising from peer learning through regional networking and experience-sharing events between delegations from PACs and SAIs.

Sources: CPA et al (2007); CPA et al (2007a); Reports and presentations by the Public Accounts Committee of the Solomon Islands (2007-2008); KMPG (2006)

5.6 International accountability requirements usurping domestic accountability

Many Commonwealth countries are recipients of financial aid from other governments and from international 'donor' agencies. Much of this financial aid is funded either directly or indirectly by tax revenues from high- and middle-income countries. As with other publicly-funded expenditure there is a requirement for those organisations charged with managing the disbursement of aid to account to their domestic taxpayers (or to the representatives of those taxpayers) for the proper use of the disbursed funds. This pressure in turn imposes strong requirements upon recipient governments to report to the donor agencies on the management and use of funds received. In this way an accountability relationship develops between a recipient government and its international donors (or creditors). Where there is a multiplicity of these donors, there will be a correspondingly increased set of international demands for accountability. The pressures imposed upon recipient governments from these reporting and accountability relationships will be enforced by the donor agencies and will typically be closely observed by the recipient governments because of the link between compliance and continued aid disbursement.

An effective process of public financial accountability centred on the PAC and SAI can be a strong demonstrator of the quality of financial governance arrangements and of the proper use of aid resources. However, international agencies must be willing to rely upon domestic accountability mechanisms and possibly to provide support for strengthening those institutions. Where international actors demand compliance with separate 'external' accountability processes, there is a risk that requirements of international organisations and donor country governments may usurp and supplant domestic accountability processes. Where domestic accountability mechanisms are weak, the executive may feel impelled to prioritise external accountability relationships and to pay insufficient heed to PAC and SAI findings and recommendations.

5.7 Impact of these constraints: are they insurmountable?

All of the above difficulties can manifest themselves to some extent in any Commonwealth country; but they tend to be more pronounced in some less-developed countries. In such circumstances the quality of the public audit process tends to be inhibited by wider problems that render accountability difficult to achieve. At the same time one key to reducing these same inhibitors could be an effective system of public financial accountability. In this sense there exists a cycle of non-accountability. Problems of accountability are not uniform across all countries and it is possible that lessons learnt from one may be modified and applied to another. Basic practical constraints such as a lack of staff, facilities and financial resources can be among the most problematic and in some senses should be the easiest to remedy if the beneficial roles played by the PAC and the SAI can be demonstrated to the executive. The demands of international accountability may be managed through a stronger insistence by recipient governments upon multi-donor financing modalities and use of country systems (OECD, 2005). Strengthening the engagement of domestic 'demand-side' actors is a more complex task that will proceed only gradually. There are positive examples of grassroots CSOs playing a greater role in citizen-level scrutiny of government performance and of the media engaging with stronger parliamentary audit scrutiny in some countries (Ramkumar, 2008). Challenges associated with the domestic political governance system will be most intractable, but pressure from demand-side actors for increased accountability may contribute to changes in the incentives facing politicians and public officials so that support for democratic accountability mechanisms becomes a greater concern.

Despite specific recent positive examples of reform (See Boxes 2-5, 7), it is difficult to discern whether specific practices will have universal applicability across the Commonwealth. Identifying a common set of principles of approach may be more useful as a starting point than attempting to introduce or strengthen particular practices observed in well-established and relatively successful accountability systems in other countries.

6. The PAC and the SAI: some guiding principles for effectiveness

This paper sets out some ideas for re-framing the way we understand PAC effectiveness. Through this lens we attempt to develop some propositions about how to approach the strengthening of PACs and, by extension, SAIs and the wider accountability environment of institutions and actors. A hypothesis emerging from this paper is that the principles underlying domestic public financial accountability arrangements between the executive and the legislature (and specifically the *modus operandi* for the PAC and the SAI) in Commonwealth countries may be more important than any of the specific characteristics of those two bodies observed in a particular country.

We identify next those principles common to Commonwealth countries, which underlie effective PAC and SAI activity. They are presented as highly desirable rather than as essential; empirical study would be required to test out the proposition and inform evidence-based conclusions. In line with the more conceptual approach of this paper, we then consider whether there would be a logical and testable cause-and-effect relationship between the observance of these principles, the application of practices that embody these principles, and the desirable accountability outcomes that constitute the objectives of the PAC and SAI.

6.1 Country-specificity in defining accountability and PAC/SAI effectiveness

Ultimately PAC and SAI effectiveness means securing accountability for the use of public money. Accountability should extend beyond identifying and correcting inappropriate behaviour, and should encompass continuous and sustained improvements in practice. Moreover, the process of accountability should lead to greater acceptance by all actors (including the executive arm of government and the public) of the value and benefit of effective accountability, so it becomes self-reinforcing.

As we have argued, perspectives on accountability and opinions on its objectives vary across countries, especially within such a diverse grouping as the Commonwealth. For some countries the primary emphasis will be on identifying criminal behaviour and ensuring it is punished through sanctions on individuals. Ensuring legality and compliance is necessary and important, although over-emphasis of this role presents the risk of legitimate accountability processes being used inappropriately or illegitimately as a means of partisan score-settling. Beyond the probity objective, growing importance throughout the Commonwealth is attached to ensuring not only compliance with legal and other norms, but assessing whether optimum value for money has been secured in the use of funds raised from taxpayers and other sources.

From foregoing sections of this paper it is apparent the definition of PAC effectiveness is at least partly a function of the formal domestic accountability objectives. Variations in how public financial accountability is construed will influence the role of the PAC in helping to secure it. That is not to suggest an absence of possible 'good practice' benchmarks in an objective sense for both dimensions, but rather to note that normative measures and country interpretations may not map perfectly or that certain standards may not be achievable in some countries at a given stage

of their public-sector development. The Lima Declaration of Guidelines on Auditing Precepts developed and promulgated by INTOSAI does not find its equivalent in the PAC arena.

Cross-country comparative surveys demonstrate a high correlation of opinions among PAC Chairs about the features of an effective PAC (See Box 5), but they show equally an array of different characteristics in practice (see also McGee, 2002; Stapenhurst *et al*, 2005, 2007; CPA *et al*, 2007). International PFM diagnostic tools such as the 'PEFA' performance measurement framework report consistently low scores for the PAC and SAI-related dimensions of PFM. However, they are intentionally narrow process measures that do not seek to explain underlying practices or to promote comparison between countries. There is no consensus that they represent comprehensive measures of PAC effectiveness.

Box 5: The “ideal” PAC

The characteristics of the “ideal” Public Accounts Committee are envisaged by the World Bank Institute based upon responses to a survey on PAC effectiveness by Commonwealth PAC Chairs.

The important requirements are that:

- it would be small (5-11 members);
- senior opposition figures would be involved with it, possibly chairing it;
- the chair would be a senior, fair-minded, respected parliamentarian;
- it would be adequately staffed;
- its roles would be clearly understood;
- it would hold regular and frequent meetings;
- hearings would be open with transcripts made publicly available;
- a steering committee would plan work; typically taking evidence from an official;
- auditors' reports would be referred automatically to the PAC with the Auditor meeting them to discuss them;
- the PAC would sometimes investigate issues other than those raised by the Auditor;
- it would strive for consensus;
- reports would be issued to Parliament at least annually;
- it would have measures for monitoring the implementation of recommendations;
- the Auditor would be used as an adviser; and
- there would be an annual parliamentary debate of its work.

Source: Stapenhurst et al (2007)

6.2 Principles versus practices: dealing with heterogeneity of practice

While certain characteristics are often associated with PAC arrangements and working practices across the Commonwealth, none is either universal or essential to effectiveness in and of itself. The convention of the chair being a member of the opposition is widespread, but is not universal. Other features of PACs are greatly variable, such as the number of staff, which ranges from one to more than twenty. Comparative analysis of PAC performance and effectiveness between Commonwealth countries is limited, so it is difficult to measure objectively whether systems characterised by certain types of practices are associated with greater PAC effectiveness. The hypothesis advanced in this paper is that many different sets of country-specific practices could be associated with a high-performing system of public financial accountability centred on the PAC and SAI.

6.3 Identifying some overarching principles: independence, policy neutrality and inter-party cooperation

Rather than the outward features of PAC practice, there may be an underlying set of values which are key to effectiveness. Central to any such fundamental principles are three interlinked ones: independence, policy neutrality and inter-party cooperation (we draw here on the work including that of Gay and Winetrobe, 2003; McGee, 2002; Wehner, 2003, and CPA 2001).

The first affects both the SAI and the PAC. In line with the INTOSAI standards embodied in the Lima Declaration of Guidelines on Auditing Precepts and the Mexico Declaration on Independence (INTOSAI, 1977, 2007), it requires the SAI to be an autonomous body that has its funding guaranteed and is free from executive interference. Often Auditors-General are officers of Parliament, with protected tenure and measures to ensure their appointment is not skewed by partisan concerns. PACs also require independence from external political influence and appointment of the PAC Chair should not be politicised, but the principle is most necessary in SAI activity. The guaranteed independence of the AG and SAI is critical for its reports and opinions to be credible.

The second principle involves the PAC focusing not on the merits of a particular policy, but on the way in which resources have been disposed of in pursuance of it. That is, it is not for the PAC to record a view on whether it agrees with what the government is trying to achieve, but whether the money it has raised from taxpayers to do it, with the approval of Parliament, has been spent within the law and other rules, as well as efficiently and in ways that provide value for money. Various practices common to PACs in different countries and described in this paper are linked to this tenet. When scrutinising government, instead of taking evidence from ministers, as is often the case with parliamentary committees, their primary witnesses are often civil servants, in accordance with the 'accounting officer' principle. In their reports and recommendations PACs avoid issues of policy controversy. It can be difficult in practice to avoid entirely policy issues, but an established convention of neutrality is necessary for the constructive engagement by government and opposition MPs and for the achievement of agreement on conclusions.

The third convention of inter-party cooperation derives partly from the first two. It is made possible by the work of an independent SAI; refraining from judgements on the merits of policy requires the muting of partisanship. Often the Chair of the PAC is drawn from the opposition party in the legislature. There is a frequent tendency to operate on a basis of consensus and to strive towards unanimous, or at least clear majority, conclusions. A bi-partisan or cross-party approach is to some degree derivative of the policy neutrality precept but may not emanate directly from it. Country-specific working practices will be required to foster and sustain effective inter-party cooperation.

6.4 Is there really common ground across the Commonwealth on a set of guiding values and principles?

We argue that these three principles are embedded in the logic of the Westminster system of public financial accountability inherited by Commonwealth countries. However, there are certain problems inherent in the application of these concepts; and the extent to which they hold universally across the Commonwealth is may be debated. The independence of the SAI may be called into question if a directly-elected president appoints the Auditor-General. While Parliament may act as the guarantor of the independence of the SAI, there is a need at the same time for distance between the two to achieve the independence of both parties. Since the legislature is by definition in part an arena for partisan political conflict, there are difficulties in ensuring its adherence to the principle of independence.

Policy cannot be entirely ring-fenced (see: Gay and Winetrobe, 2003). If a particular programme is conceptually flawed, for instance if it is defined in an unclear fashion, then it becomes difficult for the PAC to assess whether resources have been used properly in pursuance of it. The PAC may then have to note this problem and risk straying into critique of policy. Fulfilment of the policy-neutrality principle may be complicated further if the Civil Service of the country is not impartial (a tendency for some Commonwealth countries), since the idea of taking evidence from politically-impartial accounting officers is central to this concept.

Inter-party cooperation may be a problematic objective. In some countries the political environment is rent by a powerful single division that makes such a method of operation unrealistic. Alternatively, if there is no functional multi-party system at all, then deficiencies on the PAC are likely to arise from this arrangement rather than excessive competition between different groups.

Few countries in the Commonwealth, if any at all, have a system of public financial accountability in place that achieves entirely all three of these principles. However, formal country-level systems derived from the Westminster system aim to develop and reinforce them. Our argument is that, while acknowledging the problem of normative bias in the principles themselves, it may be desirable first to identify common principles that engender effective parliamentary oversight mechanisms rather than proceed by strengthening practices in isolation from their institutional context. Specific practices and formal/informal institutions may then be developed around those principles. For example a presidential system of government may imply the necessity for institutions and practices that differ from those associated with PAC-centred accountability in a parliamentary system.

Box 6: The United Kingdom

The United Kingdom is engaged in a long period of constitutional reform, traceable to the early 1990s. The transition to a new Prime Minister in 2007 has added impetus. In this context a number of innovations in the relationship between the National Audit Office (NAO), the Public Accounts Committee (PAC) and Parliament have taken place or are planned.

One important development which has gained momentum since 2004 is the direct provision of NAO services to parliamentary committees other than the PAC. The NAO increased this dimension of its work following a recommendation by the Public Accounts Commission (the Commons body which, under the National Audit Act of 1983, oversees the budget and administration of the NAO). Types of assistance now range from 'providing formal evidence for the committee, including evidence-gathering and research in response to a Committee's request, to informal oral and written briefings and the secondment of staff with particular expertise in the area covered by a Committee'. The Liaison Committee reported that oral and written briefings were provided to help Select Committees choose subjects for inquiry. In 2007 the NAO supported eleven select committees other than the PAC, albeit still to a modest degree compared with its support to the PAC.

The NAO is thus extending significantly its relationship with Parliament. As Rt. Hon. Alan Williams MP, a senior PAC member and parliamentarian, noted in his description of the work of the outgoing C&AG, Sir John Bourn, in January 2008:

One source of grievance between the PAC and the other Committees has always been that the NAO is a PAC asset. The PAC has guarded it jealously over the years but, at the request of the Liaison Committee and with the approval of myself and the Chairman of the PAC, Sir John [Bourn] has changed the NAO's role. (1)

During 2007 the NAO produced four published papers in support of Environmental Audit Committee work. It provided formal written evidence to a number of Select Committees, including written briefings to the Treasury Sub-committee on: the Debt Management Office's activities and reporting arrangements; the administration of tax credits; and progress by the Chancellor's departments in meeting their efficiency targets. The NAO provided formal written briefings to the Public Administration Select Committee on the

work of the Cabinet Office in 2006–07 and to the Communities and Local Government Committee on refuse collection. In response to a specific request from the Environment, Food and Rural Affairs Committee, the NAO examined British Waterways' finances and the income available to fund asset maintenance.

Direct secondment of NAO staff to other committees has been another notable development. The Defence, Environmental Audit, and Treasury Committees have all benefited from seconded NAO staff and a part time loan was made of a specialist to the Public Administration Select Committee to assist with its inquiry into Third Sector Commissioning. Indirect specialist support to Parliament has also increased. Up to three NAO staff are seconded on a rolling basis to the parliamentary Scrutiny Unit, established in 2002 to assist select committees with legislative and financial scrutiny. (2)

The broader NAO remit has been maintained and judged a success. In its April 2008 report *The work of committees in 2007* (HC 427) the Commons Liaison Committee concluded:

Once again, we express our appreciation of the specialist assistance the National Audit Office provides to select committees. We believe such assistance is most valuable when it responds to specific committee needs, and we encourage committees to consider ways in which the NAO can help them.

The work will be extended and a corresponding funding increase is planned. The NAO's budget for assistance to committees other than the PAC was £1.4 million in the 2007–08 financial year; and it is planned to increase to £2 million in 2008–09. (3)

Further reforms in the relationship between the NAO, PAC and Parliament as a whole are underway. Late in 2007 the Commons Public Accounts Commission instigated a review of the corporate governance arrangements of the NAO. In response to this review, amongst other changes, The Public Accounts Commission recommended there should be an NAO Board with an independent chair, who has a direct line of contact with direct access to the Commission. In addition the government has announced its intention to pilot pre-appointment hearings for holders of major public offices. The C&AG-designate will appear before the PAC after the government and the PAC Chair have agreed his/her name, but before the debate on the House of Commons motion for his/her appointment.

Sources:

- (1) *Hansard, House of Commons Debates, 23 January 2008, col. 1520*
- (2) 'National Audit Office Support for House of Commons Select Committees in 2007' note by NAO in House of Commons Liaison Committee, *The Work of Committees in 2007*, HC 427, 2007-8
- (3) House of Commons Liaison Committee, *The Work of Committees in 2007-8*, p.39

6.5 Relating desirable accountability outcomes to motivating principles for PAC-SAI activity

There are clear logical connections between desirable outcomes and these underlying principles. An independent Auditor-General is able to produce material commanding cross-party respect and acceptance. Avoiding policy serves to maintain the focus on the key purpose of the PAC: ensuring accountability for the way government spends money. Unanimous reports are more likely to be taken seriously by the government and other actors within the accountability environment such as the media. Recommendations designed to assist the government in the more effective pursuance of its policies, rather than attacks on those policies, have a greater chance of being accepted and implemented. An environment in which audit is carried out in a non-partisan fashion is more likely to attain appreciation from within the executive of the value of this accountability process to all concerned.

Our conclusions are that practices should be designed both with reference to country context (including existing formal and informal institutions, as well as national/social culture) and in a way that supports the establishment of principles of conduct and behaviour by stakeholders in the

accountability environment. Those principles are directly important for desired accountability objectives to be achieved, rather than any unique or pre-conceived set of universal practices. Specific practices remain important, and certain practices will be more likely than others to support accountability in any setting, but narrow pursuit of a checklist of 'best practices' without reference to the principles and context that mediate accountability relationships risk hampering achievement of the objectives. Within the list of good practices, prospective reformers must also seek to understand better the causal links and the logical sequences of steps through which effective horizontal accountability is secured. This approach requires looking beyond the PAC, and beyond the SAI, to consider both inputs and outcomes alongside the narrower range of processes and outputs over which the PAC (and SAI) have direct control.

Part B: Re-thinking PAC effectiveness

7. (Re)constructing a “Commonwealth framework” of accountability for understanding and analysing PAC effectiveness

The next sections develop the outline of this framework and explore the implications for improving practice and strengthening the effectiveness of PACs and SAIs. It is useful to distinguish between inputs, processes, outputs and outcomes for the intended role of PACs in Commonwealth countries. From the starting point of accountability-objectives and derivations of a Westminster-type system of pursuing those objectives, we can explore the combination of principles and practices that will support effective PAC activity in securing accountability. The framework is intended as a heuristic device for testing the cause-and-effect relationships between a series of factors in a range of Commonwealth countries.

7.1 A ‘principle-driven’ accountability framework in place of the ‘practice-based’ model or blueprint

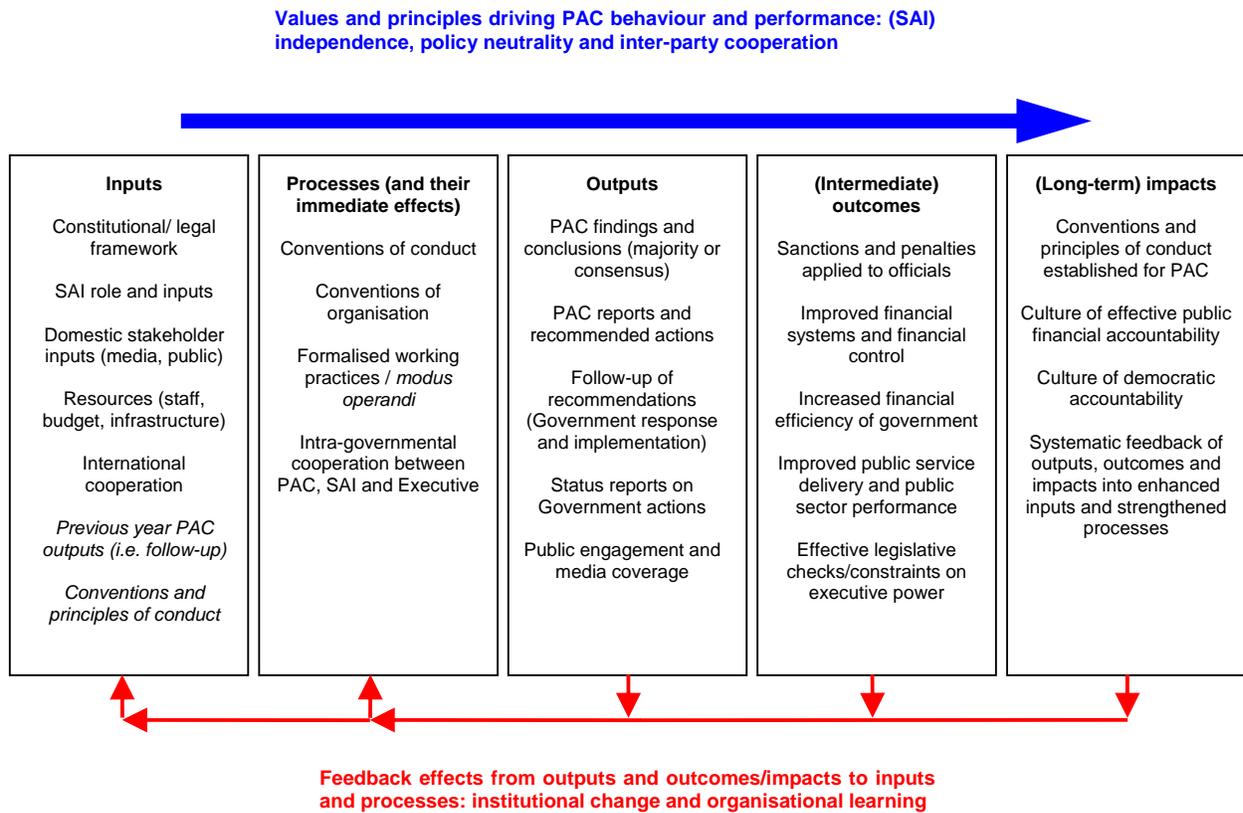
The ultimate purpose of PAC activity is to secure the accountability of the executive arm of government for its use of public-sector resources and to motivate improvements in public internal financial control and service efficiency. As we have argued, the PAC seeks to achieve this objective through its dual role in public audit and parliamentary accountability. Since the constitutional, political and cultural contexts vary greatly across the Commonwealth, the attainment of this goal will be through different combinations of practice in different places and at different times. If there is to be a universal starting point for efforts to secure PAC effectiveness, it might better be understood as key principles and values rather than a normative check list of outward features of PAC organisation and configuration. These principles drive the chain of accountability.

7.2 Developing the framework of PAC-led accountability: inputs, processes, outputs, outcomes, impacts

In analysing the functioning of the parliamentary audit process, at the centre of which is the working of the PAC, the concepts of inputs, processes, outputs, outcomes and impacts create a framework of accountability (see Figure 1 and the detailed framework included at Appendix A). The framework captures many of the factors that contribute to an effective PAC-centred accountability process and helps one to understand how they relate to one another, and under what assumptions.

The placing of particular items within particular parts of the accountability framework involves some qualified decisions. Certain elements could be located elsewhere or might even feature in multiple categories. However, the framework is not intended as the final description of the processes, rather it is a tool of analysis, one model which could possibly exist alongside others.

Figure 1: A possible framework for analysing PAC effectiveness



The detailed framework is included as an appendix to this paper.

Inputs underpin the existence and form a starting point for the work of the PAC. They include constitutional factors such as the legal position and remit of the Committee; and more tangible contributions such as reports produced by the SAI, previous-year PAC reports, and information from domestic stakeholders. Adequate PAC resources in the form of budget, staff, facilities and infrastructure, should be viewed as necessary inputs – which are often deficient. International cooperation through peer reviews and practice-sharing with other PACs, as well as external technical assistance, can be valuable inputs to both the effective functioning and increased effectiveness of the PAC.

Inputs – *The authorising environment for the PAC in its formal constitutional/legal mandate; any societal conventions governing its existence/remit/operation; and the physical factors contributing to its activity (e.g. SAI outputs, financial/staff resources).*

Processes are the procedures and working practices through which the PAC makes its constitutional role operational and deals with the inputs it has received. Within this category are the holding of meetings, the selection of witnesses, the follow-up of recommendations, conventions about the composition of the PAC and the party orientation of the chair; and the pursuance of inter-party cooperation. Within the arena of PAC processes the principles and values described earlier will be both influenced and influential. The right working practices will

serve to imbue the right principles for PAC activity, but the working practices themselves will be affected by the values of the PAC membership and its surrounding financial governance environment.

*Immediate effects on **processes** – The directly-attributable effects of ‘inputs’ to the conduct, organisation and working practices of the PAC; and to the nascent development of the conventions that govern such arrangements.*

Prominent amongst *outputs* are the reports and recommendations produced by the PAC, parliamentary debates and media coverage, the government response and any progress checks that may be produced by the PAC. They are not all direct and formal outputs of the Committee itself, but products of PAC activity.

***Outputs** – The specific and discernible (esp. formal) products that emanate from the PAC (e.g. reports, recommendations, press releases) or that arise directly from the PAC scrutiny process (e.g. follow-up actions, implementation measures, media participation).*

Included under *outcomes* are the intended consequences of the PAC accountability process and its outputs. Outcomes reflect the ultimate objectives of ‘accountability’ including wrongdoing identified, punished and rectified; overall performance raised public-sector efficiency and service delivery; executive awareness of the possibility of scrutiny; and the outward perception of financial probity for domestic and international audiences. We choose to distinguish between *intermediate outcomes* and *longer-term impacts*, although they may be subsumed under the single category of outcomes.

***Intermediate outcomes** – The censure or sanctioning of officials responsible for inefficient or improper practice; the substantive consequences of PAC outputs upon public financial accountability objectives (i.e. improvements in bureaucratic financial efficiency, public service delivery, executive responsibility); and the strengthening of effective intra-governmental checks and balances (i.e. between the legislature, the political executive and the bureaucracy).*

***Long term impacts** – The sustained (and positive) effect of the PAC and its attendant institutions upon the culture of accountability; and the embedding of positive and persistent/institutionalised norms and conventions that determine/influence the evolving PAC arrangements and future cycles of the PAC led scrutiny process.*

There are strong *feedback loops* in this PAC-centred framework of accountability, especially from outputs and outcomes to inputs and processes. All the components of the parliamentary audit process support and feed into each-other. As well as a chain of accountability the framework should be regarded as a cycle, which becomes established and reinforced over time as effective PAC arrangements become embedded. If a PAC produces high-quality reports which secure public attention, its credibility will be enhanced, assisting future activity. If a PAC is effective in ensuring the execution of money-saving recommendations, the value of such work will become more apparent and in turn easier to carry out and implement.

In place of the blueprint for an effective system of public financial accountability based on strict observance of practices associated with the original Westminster model, we propose a looser Commonwealth framework. It does not avoid entirely the normative basis of the Westminster model, but it is less prescriptive about specific practices. Country-level interpretation of key principles and values becomes more important than replication of the particular practices that are hallmarks of the Westminster model of accountability originating from the UK.

Our framework of inputs, processes, outputs, outcomes and impacts suggest possible characteristics of an effective intra-governmental horizontal accountability arrangement. But it is not a comprehensive list nor is it prescriptive. Instead we suggest country context will determine the practices most likely to achieve desired accountability objectives. Our hypothesis is that pursuit of the three guiding principles – independence, policy neutrality and inter-party cooperation – through country-specific practices can support the development of a cause-and-effect chain of accountability.

7.3 Assumptions underpinning the framework

The idea that the inputs, processes, outputs and outcomes will contribute to PAC effectiveness rests upon a series of assumptions. They include the existence of a viable competitive political system sufficient to establish the basis for objective scrutiny; adequate legislative and constitutional provisions for the PAC and SAI to function; the availability of resources in staff and expertise; and effective working relationships between the PAC and the SAI, and between the PAC and the executive arm of government.

The existence of these assumed conditions is by no means guaranteed. They may be manifested in nuanced fashion. Different PACs display different characteristics. Sometimes characteristics may be indicative of difficulties in achieving effectiveness, but they can represent a different means of achieving accountability, as adapted to a particular environment. There is no clear single path to success, or to failure.

Rather than the particular characteristics of the PAC, underlying the extent of its effectiveness is the broader accountability environment and whether it is conducive to the work of the PAC. Key dimensions here include the extent of restraints on executive power, the nature of the party system, whether constitutional arrangements for the status of the head of state and of the Civil Service match with the PAC model; the operation of the media and civil society; and international relationships. The nature of the political system – parliamentary and presidential systems of various types (see Siaroff, 2003) – will imply different dynamics and challenges for the specific configuration of an effective PAC-centred accountability arrangement in each country.

Given the Commonwealth focus of this paper and the inheritance by many Commonwealth countries of a Westminster-type system of public financial accountability, the assumptions underlying the framework are associated with the principles of democratic, competitive political governance systems. However, these assumptions represent a starting point for analysis rather than an attempted prescription for governance reform. If they expose a degree of incongruence between the Westminster 'model' of public financial accountability and country-specific context in the Commonwealth, then that incongruence is itself a useful finding that has policy implications for approaches to strengthening PAC and other domestic accountability mechanisms.

7.4 Adding cause-and-effect relationships to the chain of accountability

The framework we set out is the first stage of work in progress. It is helpful in two ways. It presents a categorisation of the factors associated with PAC effectiveness based on a chain of public financial accountability that links with the prior performance and the subsequent actions of the executive. It develops some assumptions about the cause-and-effect relationships within the accountability chain so that possible pre-conditions are exposed and may be tested empirically, so that the underpinnings of the original Westminster system of public financial accountability may be better understood beyond the set of formal practices. Having set out a possible framework for understanding PAC effectiveness and the factors which may contribute to achieving public financial accountability, the paper next considers the implications of this framework.

8. How can this framework help understanding and improvement of PAC effectiveness?

A number of inferences can be drawn from the framework and from the surveyed literature. This section captures the most salient for enhancing PAC effectiveness and strengthening domestic accountability arrangements. This discussion is however only a starting point for more detailed analysis. The arguments advanced in this section remain hypotheses and should be considered closely in light of each country's experience.

This section synthesises some the key arguments in foregoing sections as the basis for establishing a series of propositions and hypotheses. Options for reforms in specific countries may be examined in light of these propositions.

8.1 Differing accountability objectives across Commonwealth countries

Variation exists between the objectives of accountability across different Commonwealth countries. This variation reflects to some extent the particular outcomes in the effectiveness framework with which the PAC would associate itself most strongly. For some, the primary objective may be the identification of financial mismanagement and impropriety with a view to censure and sanctioning of those associated with maladministration. In this case, the explicit end goal may be a reduction in financial impropriety and stronger financial controls. For others, the main focus may extend beyond issues of regularity to encompass and prioritise value-for-money concerns. Securing improvements in the efficiency and effectiveness of policy implementation in individual government departments and across government departments is the end objective. Not only should particular ministries improve their own efficiency and effectiveness, but there should be systematic cross-government learning from specific successes and failures.

The emphasis in the overall system of public financial accountability will have an influence upon the PAC's interpretation of its remit and upon the working arrangements for the committee. The two objectives are by no means mutually exclusive and indeed should be complementary. In the framework, the first objectives are associated with intermediate outcomes, whereas the latter set applies to longer-term impacts.

8.2 Principles of PAC conduct as against specific working practices

Broad principles or values may be more important than particular practices in driving PAC effectiveness. The outward features of a PAC are manifestations of attempts to secure accountability within a particular context. Rigid adherence to particular models of operation could prove a hindrance to effectiveness if they do not take into the account the wider public-sector governance environment. A PAC may, in accordance with the traditional model, take evidence from accounting officers rather than ministers in a system when ministers are the more relevant witnesses, to the detriment of the quality of their investigations and subsequent reports. Consequently accountability objectives may be equally well-served by different (and even contradictory) practices in different country contexts.

The minimum requirement is balance in the system so that specific features are aligned with each other and contribute to effective oversight relevant to the context. That differentiation may lead to some practices being drawn from non-Westminster-type systems of public financial accountability and to the emergence of hybrid systems. Some countries outside the Commonwealth have introduced Public Accounts Committees, even though not all of them operate under Westminster-

type political systems.⁶ This point is especially relevant to the modern-day Commonwealth in which some countries do not have systems derived from the Westminster system. Practices drawn from countries such as Cameroon, Mozambique and Mauritius have not been considered as part of this paper, but could offer valuable lessons (for further detail see: DFID, 2004; Santiso, 2007; SIGMA, 2002).

8.3 Formal rules and practices as against informal ‘realities’ (i.e. systems and relationships)

Having a PAC which appears effective ‘on paper’, in legal and organisational arrangements, is not in itself sufficient (see e.g.: Pelizzo and Stapenhurst, 2007: 391). Broader issues can serve to negate any such theoretical effectiveness. Executive dominance of Parliament can undermine the entire system of democratic accountability and the PAC with it. Intimidation can inhibit the freedom of MPs. PACs or SAIs may be denied the resources they need to be effective. Large backlogs of SAI reports can build up, rendering the work of the PAC less relevant. Major social divisions, leading to severe political polarisation, can undermine accountability.

An appreciation of wider political economy issues in PAC functioning and effectiveness is required so that formal and informal dimensions are taken into account. Informal systems and relationships are capable of supporting as well as subverting effective accountability: they need to be recognised and understood by reformers. There is not a simple linear chain of cause and effect in the PAC contribution to accountability. Tendencies can be mutually reinforcing (or destabilising) and all are likely to be influenced by the broad environment within which parliamentary oversight takes place.

8.4 The importance of the wider PFM context

Public audit and parliamentary accountability must be located within an overall process of public financial accountability. They involve assessing the use made of public funds by the government. Another part of this process involves Parliament granting those funds to the government for specified purposes. These two features of public financial accountability can be distinguished from one another, but are closely related, with an understanding of the one being crucial to the other. The PAC could make a contribution to the budgetary stage of the process, and bodies primarily concerned with the budget could be involved in audit. The conventional *ex post* financial scrutiny responsibilities of PACs operating within the Westminster tradition should still have a strong bearing upon future budget policy decisions by government and budget management arrangements within the public sector.

8.5 Understanding the complexities of PAC reform and strengthening

Given the complex and dynamic nature of PAC effectiveness, adapting apparently successful techniques from other countries requires a sophisticated approach. A simple direct transfer of a particular PAC characteristic is unlikely to be effective. Attention must be given to the underlying principles involved and their relationships to the contexts of particular countries. Transfer of ideas and practice from other countries with similar public-sector governance frameworks and characteristics may still produce different nuances of practice and outcome. There is a need to avoid blueprints and to ‘go with the grain’ institutionally and culturally, whilst working to strengthen the arrangements by which desired accountability outcomes and objectives can be achieved (see Santiso, 2007).

⁶ A number of non-Commonwealth countries have established Parliamentary Public Accounts Committees in recent years. These countries include Bhutan, Ethiopia, Finland, Liberia, Nepal, Rwanda, and Thailand.

Attention must be focused on both the values and practices associated with the PAC. Informal systems and relationships must be taken account of when reforming formal systems and processes. *Ex post* parliamentary audit scrutiny undertaken by the PAC must link to the wider process and system of public financial management. Attempts to reform the PAC and the SAI should avoid narrow replication of successful practice from other countries.

9. How to strengthen public financial accountability in Commonwealth countries: some entry points

We next consider possible approaches to strengthening systems of public financial accountability and to increasing the effectiveness of PACs and SAIs. It is not possible to offer definitive conclusions or policy recommendations without detailed cross-country study. However, some clear themes emerge from the literature on government accountability for public-sector resource use and the factors associated with PAC effectiveness in securing that accountability.

Within most Commonwealth countries the PAC formally plays the lead role in holding government to account for public expenditure, and in some countries it is effective in practice. The SAI is no less important and, it may be argued, rather than the centrality of the PAC, the PAC and SAI in combination is the critical determinant of legislative capability in exerting horizontal pressure for accountability. The quality and substance of the relationship between the two bodies cannot be over-emphasised in its importance. Other factors beyond the immediate sphere of the PAC and SAI will have a strong bearing upon their effectiveness in securing accountability outcomes, but their latent capability is principally a function of joint endeavour. Both the external and the internal factors must be addressed to improve the performance of the PAC.

9.1 External factors: pre-conditions in the domestic accountability environment

There are a number of apparent preconditions for PAC effectiveness in the overall domestic accountability environment. Key to them is an acceptance of the necessity and value of (democratic) accountability by all parties involved. Within the executive it must be understood that PAC activity is a means of helping the government achieve its objectives (and possibly an aid to honing those objectives more finely). Individual officials should see themselves not as defending their personal position, but contributing to a process of accountability through the Accounting Officer arrangement or equivalent. Within Parliament MPs must to some extent be able to distinguish their partisanship from their roles as participants in accountability. The media, civil society and international organisations and donors should be aware of the requirements of accountability and act in such a way as to support it.

Some of these characteristics of accountability cannot be directly influenced by the PAC or the SAI, but if they contribute within their remit they can enhance indirectly the entire environment. In particular PAC members should work towards achieving policy neutrality and inter-party cooperation. Responsibility rests with the PAC Chair to provide the leadership necessary for effective values and working practices in the PAC.

9.2 Internal factors (1): possible innovations in PAC and SAI practices

Based upon a broad comparison of PAC practices across Commonwealth countries, it is possible to discern specific innovations that have produced positive improvements. We have identified

some of the most interesting for either their novelty among Commonwealth countries or their general acceptance in multiple countries.

- Mergers of finance and audit committees. Consideration could be given to whether this practice is a means of achieving a more holistic approach to public financial accountability, with spending plans and outcomes being considered as a single process. *[Examples include New Zealand, Solomon Islands and State of Victoria in Australia.]*
- Non-parliamentarians sitting as members of PACs. This practice could potentially be valuable to PACs in countries which struggle to find sufficient members with the required level of financial expertise; and it could reinforce the non-partisanship of the PAC. However, there is a risk of undermining the democratic legitimacy of the PAC. Non-parliamentarians could instead participate as expert advisers to the PAC. *[Examples include Papua New Guinea and Kiribati.]*
- Formation of subcommittees to carry out specific investigations. They might assist in detailed examination of particular problems - enabling the PAC to concentrate on strategic oversight of the use of public funds. *[Examples include Uganda.]*
- Opening of PAC hearings to the media and general public. The outcomes of such a shift in countries are worth assessing as to whether they are successful in enhancing accountability, the take-up of recommendations and useful public awareness; and whether they lead to any negative responses from the executive. *[Examples include Jamaica and Ghana.]*
- Establishment of relationships between the PAC/SAI and other committees (e.g. joint hearings between PAC and Departmental Committees; SAI support to Departmental Committees through advice and secondments). *[Examples include United Kingdom.]*
- Regular and systematic follow-up reporting on the government's implementation of PAC recommendations (i.e. 'status reporting' on PAC/SAI progress in securing improvements through accountability process). Simply accepting a recommendation is not in itself sufficient. It is important to ensure it has been put into effect – and that the government is aware it is being monitored in this way. *[Examples include Canada.]*
- Establishment of a parliamentary liaison office/officer by the SAI. The fostering of relations between the PAC and SAI should be assessed by how far it ensures both parties are aware of the needs of the other; while preserving the required degree of independence for each. *[Examples include Ghana.]*
- Increase in the frequency of reports submitted by the SAI to the PAC and issued by the PAC to government. Questions investigated here could concern the enhanced accountability achieved, as well as the demands that are placed on both the SAI and PAC as a consequence. *[Examples include Solomon Islands.]*
- Establishment of a Parliamentary Public Accounts Commission to approve the budget and oversee the performance of the SAI. This could have overlapping membership with the PAC but would otherwise be a separate and independently constituted committee. *[Examples include United Kingdom.]*
- Appointment of multiple Auditors General in place of a sole position. The arrangement could either be a 'Committee' or legally separate positions with distinct portfolios and accountabilities. This innovation might reduce the political pressure upon one individual and support greater SAI independence and resilience. It could allow sharing of workload between incumbents. *[Examples include Canada.]*

- Strengthened and formalised relationships between PAC/SAI and civil society organisations. Greater input by CSOs could expand the sources of information and analysis available to PAC members in particular to pursue enquiries. *[Examples include South Africa.]*

Although these innovations concern most directly the PAC, some have implications for the role played by the SAI and the support it can provide to the PAC.

9.3 Internal factors (2): possible approaches to strengthening the PAC-SAI relationship for combined effectiveness

Close working between the SAI and PAC, including two-way influence on each other's work priorities, is inevitable and desirable. But a degree of autonomy is necessary as well. That which strengthens the effectiveness of the PAC strengthens that of the SAI, and vice versa. In carrying out such measures of assistance the SAI should endeavour to do more than just prop up the PAC, rather it should enhance its own autonomy as well. If the SAI grants strength to the PAC, it will find its own effectiveness enhanced.

Ways in which the SAI might strengthen its support to the PAC include:

- Providing training for PAC staff and members and offering the use of technology and office space;
- Identifying potential PAC allies and assistants within civil society and helping the PAC to network with them;
- Assisting PACs with international networking, including using information technology, to share practice, experience and assistance with other PACs and international organisations; and
- Exploring means of contributing to a media and political environment in which the PAC can flourish.

In approaching the task of helping the PAC and therefore itself, the SAI should consider both formal and informal approaches, and take the broadest possible view of resources, including money, people, reputation and publicity, political capital, expertise, skill, knowledge, technology and formal and informal authority.

More strategic and longer-term approaches to PAC and SAI joint working might include:

- Devising and promulgating codes of conduct governing appropriate relations between Auditor-General, Parliament and government, with or without the cooperation of the executive;
- Developing an integrated strategic grid, encompassing timetables for publications, hearings, parliamentary debates and announcements; and
- Strengthening the triangular relationship between the SAI, the PAC and departmental or sectoral parliamentary committees.

These proposals are not exhaustive, nor are they relevant to all Commonwealth countries or indeed recommended for any specific country. The intention is to stimulate discussion about the range of possibilities open to Auditors General and to their SAIs in contributing to enhanced accountability for the use of public-sector resources.

This paper offers a starting point for further analysis of the roles and effectiveness of Parliamentary Public Accounts Committees and Supreme Audit Institutions in executive accountability to parliament for public expenditures.

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Appendix A: Framework for analysing PAC effectiveness factors

Factors Contributing to PAC Effectiveness	Assumptions and Risks
<p>Inputs</p> <p>(Formal) constitutional and legal framework for public financial accountability (i.e. the authorising environment for the PAC)</p> <ul style="list-style-type: none"> • PAC formally established as a legal/constitutional entity with mandate for financial scrutiny/oversight of the executive • Independence of PAC from party-political pressures is guaranteed by the legislature • Formal discretion established (i.e. enshrined in mandate) for PAC to select freely (i.e. without interference by the executive) topics of enquiry, timeframe of activities to be scrutinised, and witnesses to be called • Legal authority of PAC to report the findings and recommendations from its enquiries to the legislature and wider public/media • 'Accounting Officer' function constitutionally established and departmental AOs in post <p>Established conventions and quasi-legal/constitutional principles of conduct for PAC (i.e. established institutional norms)</p> <ul style="list-style-type: none"> • Strong and explicit ethos of policy neutrality by PAC members, individually and collectively • Strong and explicit ethos of inter-party cooperation and bi-partisan approach by PAC members to enquiries and all activities <p>Supreme Audit Institution</p> <ul style="list-style-type: none"> • Audit reports (audited financial statements and SAI opinion, VFM reports, performance audit reports, etc) submitted to PAC by SAI in a timely manner, and presented in style/format that is intelligible by PAC members • Guidance from SAI on annual work plan of PAC inquiries • Ad hoc advice and briefings provided to PAC by SAI • AG established as legally/constitutionally independent Officer of Parliament <p>(Non-governmental) domestic stakeholders</p> <ul style="list-style-type: none"> • Written evidence for specific inquiries provided to PAC by (paid or pro bono) subject-matter experts • Tip-offs received by PAC members from general public, electoral constituents, media, civil society groups; and 'leaks'/ 'whistle-blowing' by civil servants <p>Resources</p> <ul style="list-style-type: none"> • Budgetary resources adequate for planned inquiries are determined independently (by a legislative commission) and allocated to PAC • Technical and administrative support to PAC (e.g. clerk, secretariat, researchers, pro bono advisers) established and adequate to support minimum requirements of PAC remit and work plan • Basic facilities and IT infrastructure affordable within budgeted resources and available for PAC use <p>International cooperation</p> <ul style="list-style-type: none"> • International technical assistance provided to PAC (e.g. donor agencies, WBI) • International peer reviews conducted by other PACs and parliamentarians (e.g. SIGMA), and feedback/recommendations provided • International cooperation and joint learning events through international parliamentary networks/ associations (e.g. CPA) 	<p>Constitutional/legal framework and established conventions</p> <ul style="list-style-type: none"> • 'Westminster' model and conventions of representative parliamentary democracy and public financial accountability exist and are adhered to • Political/ constitutional/ cultural environment allows the formal/legal position of PAC (and SAI) to be realised in practice • Effective limits exist to executive dominance of the political environment (i.e. existence of constitutional checks and balances) • At least one viable opposition party exists and is capable of (and recognised as being capable of) exerting a legitimate countervailing influence upon the ruling party through the legislature and the (democratic) political process • Cultural and societal values/norms support principles of pluralism and 'competitive' democratic accountability <p>Supreme Audit Institution</p> <ul style="list-style-type: none"> • Financial statements are prepared promptly by finance ministry and/or spending departments at end of financial year and are submitted to SAI for audit • Strong, independent and effective Auditor General is appointed to the SAI • SAI is equipped and able to produce regular timely reports and support to PAC <p>(Non-governmental) domestic stakeholders</p> <ul style="list-style-type: none"> • Free media and active civil society exist, are engaged with issues of government effectiveness, and are not subject to pressure or censure by government <p>Resources</p> <ul style="list-style-type: none"> • Resources are available, and their distribution is not dominated by an executive hostile to PAC activity <p>International cooperation</p> <ul style="list-style-type: none"> • International parliamentary networks exist are meaningfully engaged with by PAC / parliamentarians

Factors Contributing to PAC Effectiveness	Assumptions and Risks
<p>Immediate effects (on PAC processes)</p> <p>Conventions of PAC conduct</p> <ul style="list-style-type: none"> • Focus of PAC inquiries on implementation/administration of policy rather than on the merits of the policy itself • Focus on performance of the bureaucracy (rather than political executive / ministers) • Preference for, and pursuit of, unanimity/consensus in PAC decisions and recommendations <p>Conventions of PAC organisation</p> <ul style="list-style-type: none"> • Balanced composition of PAC membership that reflects representation of parties (and political interests) in the legislature • Chairperson of PAC is a senior and respected backbench member of the principal opposition party in legislature <p>Formalised working practices</p> <ul style="list-style-type: none"> • Annual work plan of PAC inquiries developed by PAC Chair and agreed by PAC members • Proper advance preparation for hearings carried out by PAC members • Regular meetings/ inquiries/ hearings scheduled and held (i.e. adequate frequency to provide coverage of SAI reports / executive activities) • Standard length of hearings is established and adhered to (i.e. adequate for PAC to elicit detailed information from all invited witnesses) • Use of public hearings as norm for PAC proceedings (with closed sessions as exception for subjects of national security) • Formation/ use of sub-committees to conduct specific inquiries <p>Intra-governmental cooperation</p> <ul style="list-style-type: none"> • Close working relationship with SAI, but also sufficient autonomy between two the bodies to ensure mutual independence • Voluntary participation of Accounting Officers as main witnesses in PAC hearings • Demonstrated commitment by political executive to meaningful engagement and compliance with the process of accountability • PAC acknowledged as pre-eminent select committee within legislature <p>Infrastructure and resources</p> <ul style="list-style-type: none"> • Premises, equipment and support staff all in place to support minimum level of PAC functionality 	<p>Conventions of PAC conduct and organisation</p> <ul style="list-style-type: none"> • There is an ethos of policy neutrality by PAC members, individually and collectively • There is an ethos of inter-party cooperation and bi-partisan approach by PAC members to enquiries and all activities • There is a viable and active parliamentary opposition • The broader political environment allows for some form of independence • There will not be harassment and intimidation of PAC members <p>Formalised working practices</p> <ul style="list-style-type: none"> • The chair is effective and committed to independent audit of executive • PAC members have adequate time available alongside their other parliamentary (and legitimate extra-parliamentary) duties to prepare for PAC meetings/hearings • PAC is able to determine an optimum frequency for its meetings and then achieves a regular quorum • The 'Accounting Officer' function is constitutionally established and departmental AOs in post • There is an interested and engaged media and public that is capable and inclined to attend public hearings <p>Intra-governmental cooperation</p> <ul style="list-style-type: none"> • Strong, independent and effective Auditor General is appointed to the SAI • A minimum level of cooperation between PAC and executive, sufficient to make PAC mandate practicable <p>Infrastructure and resources</p> <ul style="list-style-type: none"> • Predictable release of budgeted resources for PAC premises, equipment and support staff
<p>Outputs</p> <p>PAC reporting and recommendations</p> <ul style="list-style-type: none"> • PAC enquiries produce consensus among PAC members on findings and conclusions; reports and recommendations thus represent a unanimous (or clear majority) opinion of the PAC • PAC reports produced/published in a timely manner and submitted (to parliament and the executive) together with clear recommendations on actions required by the executive to improve public financial accountability • PAC recommendations presented to a session of the full legislature (or applicable chamber) and debated, within a reasonable time period <p>Follow-up of PAC recommendations</p>	<p>PAC reporting and recommendations</p> <ul style="list-style-type: none"> • PAC members possess a genuine commitment to independent audit of executive <p>Follow-up of PAC recommendations</p> <ul style="list-style-type: none"> • Parliament is equipped and disposed to handle reports appropriately • The executive is obliged by political constraints to respond properly and act upon proposals

Factors Contributing to PAC Effectiveness	Assumptions and Risks
<ul style="list-style-type: none"> Executive response (e.g. 'Treasury minute' from Finance Ministry) to PAC report and recommendations prepared/published, within fixed time limit Take-up and implementation of PAC recommendations followed up through preparation/publication of regular (annual) status reports submitted by PAC to full legislature <p>Public/media engagement</p> <ul style="list-style-type: none"> Reports on PAC hearings and findings/ recommendations are widely and accurately covered in the media General public, media, civil society organisations, and special interest groups are represented at PAC hearings 	<p>Public/media engagement</p> <ul style="list-style-type: none"> The media is free and disposed to cover such issues The public are able to access such information about the PAC The PAC is able to communicate such information to the public
<p>(Intermediate) outcomes</p> <p>Follow-up of PAC recommendations</p> <ul style="list-style-type: none"> Penalties and sanctions applied stringently to officials found responsible (through due process) for serious malpractice or maladministration Recommendations by PAC on minor issues of maladministration are implemented by government and improvements are monitored and reported Subsequent SAI reports on subjects of previous PAC inquiries explicitly address and report on progress by executive in improving issues/concerns recorded by PAC <p>Improved financial control and efficiency</p> <ul style="list-style-type: none"> Legal standards and regulations associated with public expenditure and financial management complied with and upheld Financial control structures and systems within the executive (i.e. government departments and agencies) strengthened Financial efficiency and value-for-money of public spending improved; durable improvements in government economic management Ethical standards (public service rules, conventions and codes of conduct) upheld and strengthened Greater international confidence among supranational organisations and donors in government probity in public financial management Parliamentary financial oversight and accountability exercised over the use of public resources <p>Improved public service delivery and public sector performance</p> <ul style="list-style-type: none"> Public awareness of government programmes and executive performance increased Increased demand by service end users (and political executive) for improved and consistent quality/performance of public services, and efficiency of public sector <p>Effective legislative checks/constraints on executive power</p> <ul style="list-style-type: none"> Institutional mechanisms established and formalised within the executive for addressing/implementing PAC recommendations Government committed to the process of accountability: it is inclined through a recognition of the benefits and is at the same time compelled politically/constitutionally to accept the process Government held to account by legislature on behalf of the electorate Sustained reductions in institutional recidivism by the executive Public opinion satisfied by exercise of effective accountability (justified 'faith in the system') 	<ul style="list-style-type: none"> Individual PAC members possess a genuine commitment to independent audit of executive There is a viable and active parliamentary opposition that is capable of holding the political executive to account The political executive perceives that its electoral and political credibility will be undermined if it does not respond to PAC reports and act upon (accepted) PAC recommendations The public and media are free in principle and in practice to exert democratic influence over the executive to respond to PAC recommendations There is a system of competitive political governance that provides alternatives to the governing political party in the event that the electorate is dissatisfied with the use of public resources Sufficient resources and intra-governmental cooperation exist for follow-up actions by executive, PAC and SAI
<p>(Long-term) impacts</p> <p>A pervasive and durable culture of effective public financial accountability</p> <ul style="list-style-type: none"> Greater coherence of government policy objectives to facilitate and promote efficiency and VFM in the public sector Consistent and sustained improvement in public-service performance Increased responsiveness and effectiveness of public expenditure in meeting 	<ul style="list-style-type: none"> All of these outcomes rest on assumption that there is a broader constitutional, political, social, economic and cultural environment

Factors Contributing to PAC Effectiveness	Assumptions and Risks
<p>the needs and preferences of the electorate</p> <ul style="list-style-type: none"> • Reduced and consistently declining level of corruption in the public sector • (Strong) positive ethos of probity demonstrated in behaviour of (senior) public officials who feel the possibility of being held to account (i.e. PAC acts as an effective deterrent to improper and incompetent conduct by public servants) <p>An embedded culture of democratic accountability</p> <ul style="list-style-type: none"> • Increased public confidence in the democratic system and legislative checks and balances <p>Conventions and quasi-legal/constitutional principles of conduct for PAC (i.e. institutional norms)</p> <ul style="list-style-type: none"> • Strong and explicit ethos of policy neutrality in PAC members, individually and collectively • Strong and explicit ethos of inter-party cooperation and bi-partisan approach by PAC members to enquiries and all activities <p>Systematised and institutionalised feedback loops for enhanced accountability</p> <ul style="list-style-type: none"> • A continuous and systematic process of improvement in accountability mechanisms and outcomes institutionalised, based on feedback of impacts into inputs and strengthening of the cause-and-effect links 	<p>facilitating accountability, that in turn creates the conditions in which the specific activity of the PAC (and SAI) are able to operate effectively, and in turn enhance the accountability that underpins them</p>