

Public Accounts Committees: Do They Really Enhance Public Financial Accountability In Africa?

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Abstract

Strengthening Public Financial Accountability in Africa is one of the fundamental tools to enhance good governance and development. In Ghana, the Auditor- General (A-G) has the mandate under Article 187 (2) of the 1992 Constitution to audit the accounts of all public institutions set up by an Act of Parliament. Moreover, Article 187 (5) further mandates the A-G to submit such audited accounts to parliament for review and examination. The primary function of the Public Accounts Committee (PAC) in line with the A-G's mandate is to critically "examine the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure of the government and such other accounts laid before parliament" (Standing Order 165(2)). The PAC after reviewing these audited accounts further provide public sittings giving opportunities for account holders, spending officers and other public servants to respond to issues with regards to omission and commission in their findings, provide some recommendations which are supposed to be implemented and used to improve public financial accountability. This study, inter alia, sort to delve into the effectiveness of the oversight role of PAC in enhancing public financial accountability. Three key fundamental questions run through this study: What are the formal procedures put in place to ensure the implementation of the PAC recommendations? To what extent has the PAC's recommendations been implemented? To what extent has the recommendations of the PAC enhanced Public Financial Accountability? This study adopted a largely qualitative research approach. Face-to-face Interviews and document reviews were employed as tools for data collection. The study reveals that generally there is an absence of a well-structured institutional framework to enhance proper coordination, monitoring, reporting and the implementation of the recommendations of the PAC report. For instance the former Audit Recommendations Implementation Committees (ARICs, now changed to Audit Committees) seemed not to have any strong connections with the PAC and other key accountability institutions such as the office of the Attorney-General. Secondly, the absence of applying sanctioning mechanisms to wrongdoers, deficiencies in the institutional capacity of other accountability institutions, coupled with financial and human resource limitations, have had an adverse impact on Public Financial Accountability.

Key Words: Public Financial Accountability, Public Accounts Committee, Audit Report Implementation Committee, Audit Committees.

Introduction

The approach to mobilizing and managing public finance in most African countries has been met with challenges such as corruption, misapplication and misappropriation of funds, over-spending and lack of compliance with existing legislative frameworks. In an effort to overcome these challenges, most African countries have attempted to introduce reforms in public sector financial mobilization and management systems. These reforms have mainly dealt with areas of legal and institutional framework, resource generation, improved resource allocation, transparency, accountability and fiscal discipline aimed at improving efficiency, effectiveness and value for money (Owalla & Luanga, 2014). In this vein, there is growing recognition of the contribution of parliament towards strengthening public financial accountability through effective scrutiny of government spending. Consequently, the 1992 constitution of Ghana

empowers the Parliament of Ghana to exercise oversight function over public revenues and expenditures (Article 124). This financial oversight role of parliament is exercised through its Public Accounts Committee (PAC). The PAC seeks to minimise the potential for financial malfeasance by scrutinising government expenditure and making appropriate recommendations to government. However, the extent to which the PAC recommendations strengthen public financial accountability arrangements and especially with regards to the fight against corruption is inadequately expounded within the public financial accountability literature. Against this background, this paper seeks to contribute to the discourse by examining the effectiveness of the PAC in enhancing Public Financial Accountability.

Research Problem

Section 15 (1) of the PFM Act, 2016 (ACT 921) requires the Minister of Finance to put in place a functional public financial management (PFM) system with sufficient controls, checks and balances, as a measure of promoting accountability, ensuring adherence to standards and regulations, promoting civil society alertness and participation, and effective resource allocation and utilisation. Moreover, Standing Order 165(2) gives mandate to the PAC to “examine the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure of the government and such other accounts laid before parliament”. On the other hand, the Financial Administration Act (FAA) 2003, Act 654, established the Financial Administration Courts (FAC) to enforce recommendations of the PAC on the Auditor-General’s (A-G) reports as approved by Parliament.

In spite of the systems put in place, the Auditor- General’s (A-G) reports consistently reveal low levels of compliance with existing legislative framework, misapplication and misappropriation of funds, managerial lapses and weak monitoring procedures leading to the loss of billions of Ghana Cedis- a situation that suggests significant managerial and capacity handicaps within the PAC. While the reports of the A-G persistently condemn the weak internal control systems within the Ministries, Departments and Agencies (MDAs), this study seeks to add to the literature by assessing the efficiency and effectiveness of the PAC in the enhancement of public financial accountability.

Objective

The general objective of this paper is to evaluate the effectiveness of the PAC in enhancing public financial accountability with particular emphasis on tracking PAC reports to verify the degree of compliance with PAC’s recommendations based on the A-G’s reports.

The four specific objectives are:

1. To assess the formal mechanisms put in place to implement the PAC recommendations;
2. To assess the extent to which the PAC’s recommendations have been implemented by the management of various public institutions.
3. To examine some of the challenges facing the PAC and how it can be addressed to ensure effective PFA in Ghana.
4. Highlight the lessons and their implications for the theoretical, comparative and empirical literature on PFA and accountability in general

Functions of the Public Accounts Committee

Section 165 (1) of the Standing Orders of Parliament states that “the Public Accounts Committee shall consist of not more than twenty five Members under the Chairmanship of a Member who does not belong to the party which controls the Executive branch of government”.

This arrangement is meant to facilitate the independence of the PAC from government. Since its inception under the Fourth Republic, the PAC has always been composed of the upper limit of twenty-five members and it has always been chaired by a member from the opposition party. A similar situation exists in the House of Commons in Britain where a leading member of the opposition is usually the chairman of the Committee of Public Accounts. The PAC of Ghana has the rights and privileges of the High Court and can examine witnesses.

The Standing Orders 165 (2) also states that the PAC shall “be assigned the examination of the audited accounts” showing the appropriation “of the sums granted by parliament to meet the expenditure of the government and of such other accounts laid before Parliament.” First, the main function of the PAC is to ensure that public money is spent for the purpose intended by parliament and due economy and high standards of morality are maintained in all financial matters.

Second, the PAC also advises on changes that may be considered desirable in the form of the estimates. Third, the PAC is also empowered to examine the accounts of statutory bodies which have been laid before Parliament (Alvey, 2007). This is an *ex post* responsibility rather than *ex ante* role in the budget process typical of legislatures in the United States model (Alvey, 2007).

The PAC is also empowered by the Standing Orders to report to the House at least twice a year. The Committee works closely with the Auditor-General, and it is increasingly involved in performance and financial auditing. According to Ayensu and Darkwa (2000), the PAC and the Committee on Government Assurances serve as mechanisms for executive oversight. The PAC indeed serves as a check on the executive branch on issues relating to financial management. The report of the committee is usually above party politics and has therefore managed to achieve a high degree of unanimity in its findings and recommendations (Commonwealth Parliamentary Association, 2006).

Four, the PAC also holds public meetings. In order that its activities would be known to the general public, the PAC started public meetings in October, 2007. The public meetings of the PAC generated a lot of interest and enthusiasm among Ghanaians, especially civil society organisations and political parties. The establishment of public meetings by the PAC is important for a number of reasons. First, it promotes accountability and transparency in its activities. Second, it demonstrates the preparedness of Parliament to hold ministries, departments and agencies (MDAs) responsible for the resources allocated to them in the course of the financial year. Third, it also promotes accountability and transparency in the use of public funds, and exposes cases of malfeasance, incompetence, fraud and dishonesty in the management of public funds. Fourth, by naming and shaming wrongdoers in the glare view of the public, this serves as a deterrent for future culprits. It is however sad to note that in spite of the tremendous work carried out by the PAC, financial malfeasance and misappropriation of public funds still plague the public sector in Ghana. Indeed many of the victims that have been found guilty of financial malfeasance by the PAC are yet to be sanctioned.

Five, the PAC has “adopted the role of principal watchdog over expenditures and operated as an activist body able to take initiatives” (Warren, 2005). There are two main schools of thought regarding practices and norms of the PAC. One group is of the opinion that the PAC should only limit itself to the examination of the reports of the Auditor-General; while the second group perceives that there should be far greater scope for its investigations. Increasingly, government officials have responded timely to the reports and recommendations of the PAC even though one will expect that there will be greater follow-ups on recommendations for full impact (Ayensu & Darkwa, 2004). In spite of the numerous functions bestowed on the PAC, the Committee is generally constrained by inadequate resources and support staff.

Method

This study relied on both primary and secondary data. Generally, for case study design, six key techniques of data collection are used. These are physical artefacts, interviews, documentation, archival records, direct observation and participant observation (Welman, Kruger & Mitchell, 2005). This study, however, used two of the above- mentioned methods, namely direct interviews using semi structured open ended interview guides and documents/records review methods.

Study Population

The study population was taken from key organisations including; the Ghana Audit Service (GAS), Parliament's PAC and some Ministries Departments and Agencies (MDAs). The study population was classified under three groups. The first group involved heads of departments and units of the GAS and the Ministry of Finance (MOF). The rationale for their inclusion was that, while the GAS audits all public accounts, the MOF on the other hand is formally required to comply and implement PAC's recommendations that affects the Ministry.

The second group of people were the elected representatives (politicians): This group involved ten present and former members of the PAC. Members of the PAC formed part of the study due to their oversight responsibility of examining and giving recommendations on the A-G's reports. Secondly, members of the PAC serve as representatives of the people, and are responsible for giving satisfactory explanation to the public on issues that relates to financial accountability and institutional performance.

The third group are members of the Audit Report Implementation Committees (ARICs) now referred to as Audit Committees from the various MDAs. Their major role is to make enquiries into the status in the implementation of specific recommendations in the PAC reports. Respondents were selected on the basis of their functionality, rather than they being selected at random. Selecting respondents on the basis of their knowledge and background which are relevant to the study enhances the quality of data for analysis and discussion. Also, Tremblay (1995) argues that this technique is effective when defining the essential characteristics of some issues by drawing on personal experience and understanding of the people involved. Their inclusion in the study seeks to reveal the extent to which they have implemented specific recommendations in the PAC reports.

The respondents were purposely selected, using a criterion sampling method. The criterion sampling method is very useful as it enhances quality assurance. The criteria for selection was based on respondents with comprehensive insight and understanding on PFA issues. In sum, twenty-six participants were interviewed as shown in Figure One.

Figure 1: Respondents Used in the Study

Designation	Organisation	Frequency
Members of ARICs	MDAs	10
Heads of units/department	Audit Service	1
Heads of Unit/department	Ministry of finance	1
Senior Principal Auditors	Audit Service	3
Chief Finance Officer	Ministry of Finance	1
Members of PAC	Parliament	5
Former Members of PAC	Parliament	5
TOTAL		26

Source: Author's work

Results and Findings of the Study

The study adopted Hedger and Blick (2008) five key variables for analysing the effectiveness of PACs. The five key thematic variables were used in designing the interview guides:

Inputs	<ol style="list-style-type: none"> 1. Constitutional and Legal frameworks 2. SAI role and Inputs 3. Domestic stakeholder inputs (media, public) 4. Resources (staff, budget, infrastructure) 5. International cooperation 6. Previous year's PAC output (i.e. follow-ups) 7. Conventions and Principles of conduct
Processes (and their immediate effect)	<ol style="list-style-type: none"> 1. Conventions of conduct 2. Conventions of organisation 3. Formalised working practices/modus operandi 4. Intra-governmental cooperation between PAC, SAI and Executive
Outputs	<ol style="list-style-type: none"> 1. PAC findings and conclusions (majority or consensus) 2. PAC reports and recommended actions 3. Follow-up of recommendations (Government response and implementation) 4. Status reports on government's actions 5. Public engagement and media coverage
Outcome (Intermediate)	<ol style="list-style-type: none"> 1. Sanctions and penalties applied to officials 2. Improved financial systems and financial controls 3. Increased financial efficiency of government 4. Improved public service delivery 5. Improved public sector performance 6. Effective legislative checks/constraints on executive power
Impact (Long-term)	<ol style="list-style-type: none"> 1. Conventions and principles of conduct established for PAC 2. Culture of effective public financial accountability 3. Culture of democratic accountability 4. Systematic feedbacks on outputs, outcomes and impacts into enhanced inputs and strengthened processes.

The study revealed that Ghana has in place a sound constitutional and legal framework. For instance, Public Financial Management laws that have been enshrined in the 1992 Constitution of Ghana, the Financial Administration Act (2003), the Financial Administration Regulation (2004), and Public Financial Management Act (2016) among others. However, the prevalence of corruption tends to be a consequence of institutional failures. Therefore, safeguarding the integrity of the PFM system necessitates rigorous enforcement of the regulatory framework and putting in place effective mechanisms to strengthen horizontal accountability institutions such as PAC.

With regards to PAC's resources (staff, budget and infrastructure), it came to light that the PACs are mostly served by two support staff, which is not enough, considering the volume of workload and the challenge of lack of skills. The inability of the Committee to get the required skills ranging from information technology, financial management and public administration to cover all aspects of their duties is a serious drawback in enhancing public financial accountability. Moreover, the study revealed certain challenges regarding the shift of PAC members and support staff. Since the PAC mostly deal with issues that have taken place in the past financial years, institutional memory from members and support staff thus becomes important for the effectiveness of the Committee. When members and support staffs are being shifted from one Committee to the other, Committees turn to lose vital information, knowledge and skills which can be used as a "weapon" to make strong follow-ups, and to effectively track the implementation of resolutions. A member of the PAC stated in an interview that as a result of the recent elections in 2016 and the subsequent change in government, more than five experienced members of the committee had to be replaced with new inexperienced ones.

It came to light that PAC operates within a limited budget, which hinders their oversight work. During an interview with a PAC member, it was revealed that PAC's inability to meet its budget requirements resulted in members' inability to follow-up on some recommendations spelt out by the AG. In addition, support staff were being denied the opportunity to attend training workshops to enhance their skills. Thus lack of budget means that few members and support staff would be elected or seconded for training programmes. Another key challenge is the fact that the PAC's budget is dependent on Parliament's budgetary allocations.

PAC's follow-ups on reports and recommendation actions have mostly been marred with challenges of work backlog. Parliament's programmes seems to be too congested and coupled with the lack of political commitment from members, has resulted in the increase of workload and backlogs. Dealing with the heavy workload and backlog could lead to compromising robust oversight and accountability measures, as a result of the limited time available to the Committee. In an interview with a former member of the PAC it came to light that the A-G's reports comes under scrutiny late for any lasting impact due to a rigid system in place. This problem according to the former member of PAC has resulted in a backlog of reports to be cleared. For instance, the committee's sitting in 2017 is dealing with 2015 reports.

Intra-governmental cooperation between the PAC, SAI, ARICs and the executive revealed the PAC's inability to coordinate effectively with the aforementioned institutions. For instance, PAC's inability to cooperate effectively with the ARICs led to the non-implementation of the Committees recommendations on the A-G's report. A former chairman of the PAC stated that "As part of measures to ensure that all institutions audited by the A-G comply with the Act, Parliament intends to constitute a monitoring team that will do follow ups after every public sitting and report to Parliament on actions taken by the ARICs. Where an institution has failed to comply with the recommendations, heads of such institutions will be identified and appropriately sanctioned." (Field notes, March, 2018). Moreover, the study found that most of

the Audit Report Implementation Committee (ARICs) set up in the MDAs were ineffective. Up to date, some ARIC committees were yet to be formed in some ministries. Others that had been formed were not properly constituted. Yearly reports with regards to the follow ups of the status of recommendations had not been done. The ‘status of recommendations reports’ that the researcher came across were outdated. The inability of the ARICs to ensure that heads of institutions audited by the A-G pursue the implementation of matters in the A-G’s reports, might have led to their dissolution and replacement with the newly constituted Audit Committees as spelt out in the new PFMA (Act 921). Prior to its dissolution, a former Chairman of the PAC hinted that the PAC together with the leadership of Parliament was putting up a team to monitor the work of ARICs to ensure the full implementation of recommendations made in the A-G’s reports. This statement connotes some level of pessimism on the part of the ARICs in the discharge of their duties.

Relating to the issue of cooperation between the PAC and the executive is the challenge of partisanship. There is enough evidence to suggest that some decisions taken by the PAC are often influenced by political affiliation and factions within the PAC, and such decisions do not often represent the interest of the public. This statement was made known by a former member of the PAC during an interview. Such tendencies compromise the effectiveness and efficiency of oversight and financial accountability work.

With regards to the issue on sanctions and penalties applied to public officials, the study revealed that PAC also faces the challenge of assuring the public that its work would lead to the sanctioning of public officials who have been found culpable of embezzling State funds. The study revealed that, many of the A-G’s reports and recommendations were yet to be implemented. Consequently, many have described PAC’s public hearings as an exercise in futility. This situation has arisen as a result of the dormant nature of the sanctioning regime. The alarming evidence of corruption and misuse of public funds has dented the image of the PAC.

With regards to the Supreme Audit Institutions (SAI) role and input in complementing the efforts of the PAC, the study revealed capacity constraints in the office of the Auditor-General (A-G). The capacity constraint is manifested in several areas including lack of financial autonomy, inadequate office accommodation, poor library facilities, weak research base and lack of expertise on the part of some internal auditors. Indeed, there is an urgent need for changes in the present system of financial management as a result of increases in government’s budget and expenditure. Hence the need to resource the office of the A-G adequately.

Conclusion

The fundamental question that engages our attention in this paper is whether the constitutional-legal and institutional framework put in place have really ensured that the PAC’s mandate of enhancing public financial accountability has been accomplished? There is no easy answer to this question. In spite of its challenges, the PAC process seems to be impacting positively on the accountability processes. However, it came to light that PAC was not sufficiently engaged with the follow-ups of previous year’s recommendations issued by the Committee. Probably, this may be due to the fact that their mandate or role in the follow-up process is not explicitly captured in the PFM laws.

Recommendations

The study proposes that the PAC embark on capacity building for its members and support staff to ensure effective oversight. This could be done through training, professional skills development programmes and study opportunities. Such interventions would ensure maximum efficiency in the interpretation of financial statements, draft resolutions, and the ability to track

the implementation of resolutions taken. Improvement in the quality of oversight would ensure that fraudulent and corruption related activities are detected or prevented. Since the Constitution places a limit on the number of PAC membership, the committee could be adequately capacitated with more support staff such as researchers, committee coordinators and legal advisors. The support staff must be purposely recruited to represent the diversity of knowledge and skills; ranging from auditing, financial management, law, information technology and administration.

The study also proposes a broader scope of functions for the PAC. The PAC should have the mandate to carry out pre-emptive inquiries. In line with this, any additional role of the PAC should be tied to increases in financial allocations and their capacity. The study further recommends an integrated partnership between the A-G, PAC and civil society organisations (CSOs). Effective linkage between the offices of the A-G and PAC should be extended to the Attorney-General's office to improve on the prosecutorial and sanctioning function.

Finally, the study recommends the establishment of an independent body under Parliament such as an administrative panel review to implement the recommendations of the PAC. This independent body will also ensure that cases referred to the Attorney-General or police are sent to court and dealt with in good time.

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