



EX POST FINANCIAL OVERSIGHT: LEGISLATIVE AUDIT, PUBLIC ACCOUNTS COMMITTEES AND PBOs?

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Outline

1. Role of Legislatures in Financial Oversight
2. Institutionalization of PACs
3. Institutional Success Factors
4. Obstacles to Effective Performance & Roles that PBOs could play





Legislatures and Financial Oversight

- Differences in the form of government
- Variation in oversight tools available (committees, debates, questions & interpellations, private members' bills)
- PACs – formally, Commonwealth, now spreading beyond countries with a 'Westminster' background



Stages of the annual budget process

- Finance ministry or treasury issues guidelines to spending departments or agencies
- Spending departments submit draft budgets
- Negotiation and final decisions by executive

- Budget tabled in the legislature
- Consideration by parliamentary committee(s)
- Parliament accepts, amends or rejects the budget

- Funds apportioned to spending departments to implement activities
- Finance ministry monitors spending
- Request for legislative approval of adjustment budget if necessary

- Supreme audit institution assesses departmental accounts and performance
- Audit reports published and reviewed by parliament

Drafting

Legislative

Implementation

Audit

Before beginning of relevant fiscal year

Fiscal year starts and ends

Following end of fiscal year





Legislatures and Financial Oversight (Cont'd)

- Institutional design
- Conduct of committee members
(Stapenhurst et al., 2005)

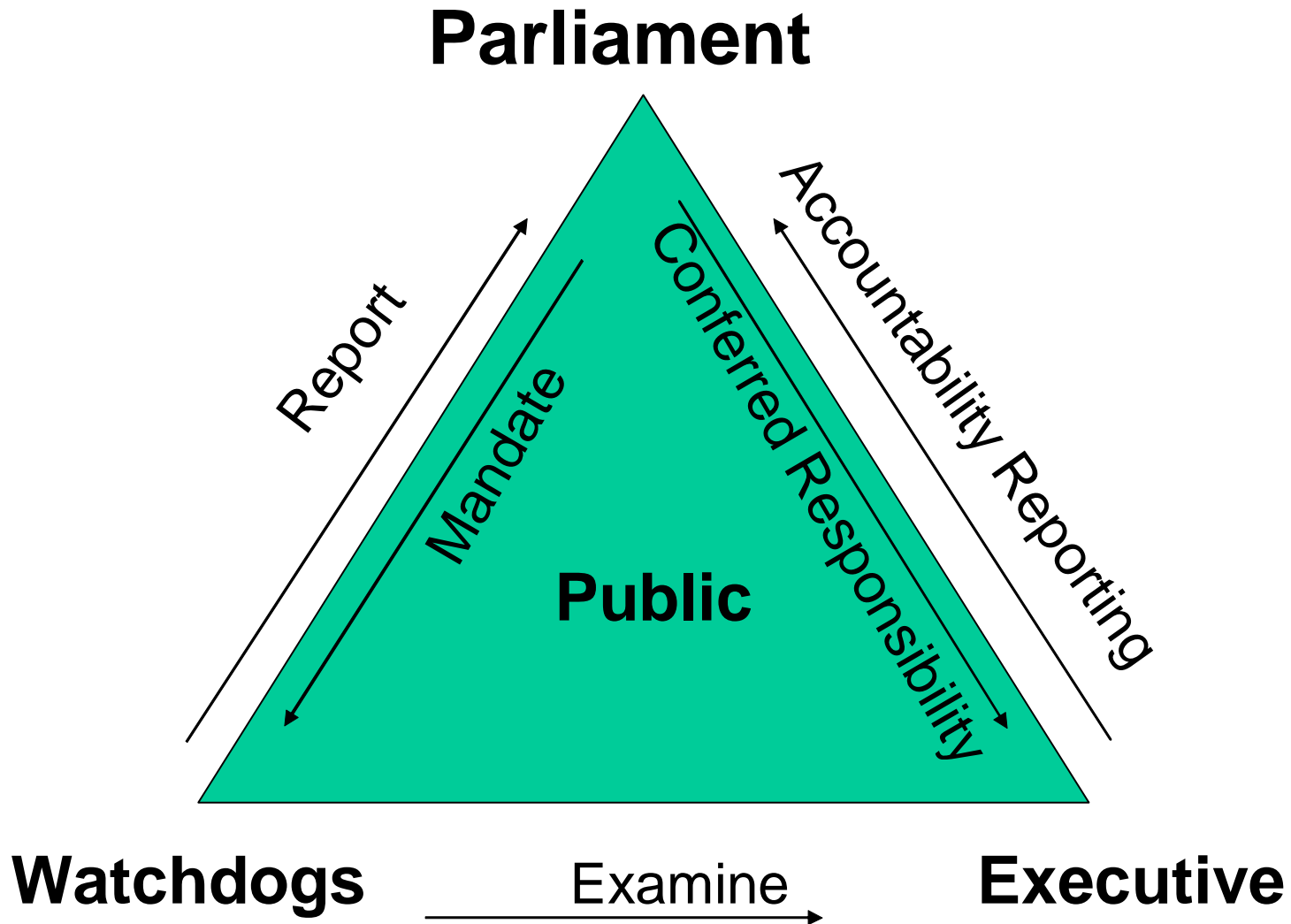


Institutionalization of PACs

Origins of PACs

- Denmark
- UK's House of Commons

FIDUCIARY OBLIGATION





Institutionalization of PACs

- Usually lower chamber committee
- Established in Constitution, by Act of Parliament or Standing Orders
- Great variation in Size (7 – 22 Members)
- Majority, government
- Chair, opposition
- UK's House of Commons



Institutionalization of PACs– *Modus Operendi*

- Focus on financial probity
- Key relationship with SAI
- Mandate and scope of work sometimes limited to consideration of External Audit Report
- But may have power to initiate own investigations



Institutional Success Factors (1)

Percentage of PAC Chairs Who Report that PAC “Frequently” Achieved Various Results, by Region

Result	Africa	Austral- asia	Canada	Carib- bean	South Asia	United Kingdom
Recommendations accepted	36	75	50	50	90	100
Recommendations implemented	18	75	50	50	70	100
Legislation modified	20	12	0	25	20	33
Information improved	36	57	25	25	80	100
Legal action taken	9	0	25	25	40	0
Disciplinary action taken	30	0	25	25	56	0

Institutional Success Factors (2)

Percentage of PAC Chairs that Consider Various Practices and Procedures “Very Important” to PAC Success, by Region

Factor	Africa	Austral- asia	Canada	Carib-bean	South Asia	United Kingdom
Comp. gov't response	64	89	67	71	90	67
Close working relationship with leg. auditor	55	33	75	71	100	100
Independent technical for hearings	70	67	33	50	86	100





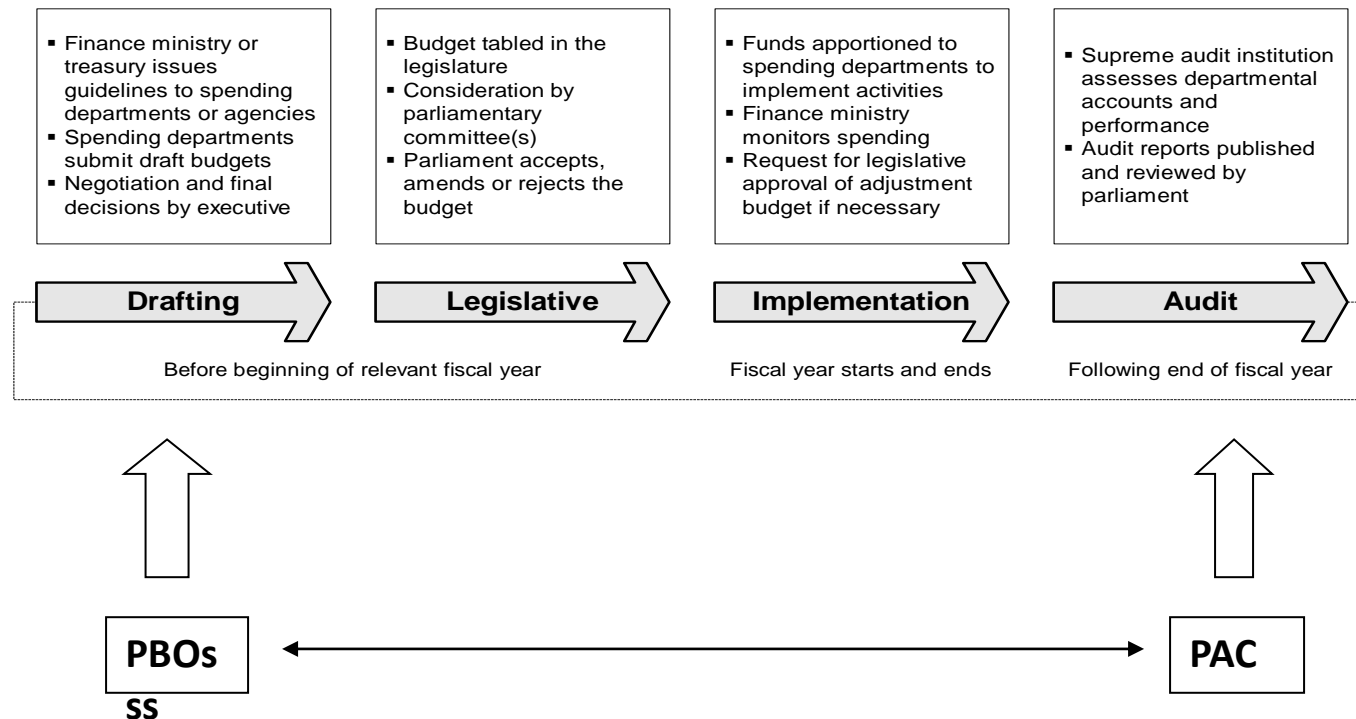
Obstacles to PAC Performance

- Lack of gov't interest in accountability
- Lack of gov't responsiveness
- Uniformed PAC Members
- Closed hearings
- Lack of follow-up
- Lack of feedback, to ex ante budget deliberations



Potential Role for PBOs (1)

Stages of the annual budget process





Potential Role for PBOs (2)

- PBOs could use PAC recommendations as a basis for analysis of viability of budget proposals
- PACs could use ex ante analysis by PBOs when examining ex post budget implementation





Other Questions for Discussion

- What are the strengths/weaknesses of PACs vs, other ex post oversight models?
- Does combining the functions of a Finance Committee and a PAC, as in Germany, make sense?
- Are there differences between the new, non-Commonwealth and Commonwealth PACs?

