

Accounting for the rise of PACs

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Public Accounts Committees (PACs) are big news. In the UK Parliament the public galleries are often full when senior executives from Google or Amazon or Permanent Secretaries from major UK Government Ministries are grilled by the Westminster PAC.

PACs, a central feature of parliamentary life especially in Commonwealth countries, have been around since Queen Victoria's day. The Committees can look, after the event, at all types of central government spending, scrutinising financial regularity (and thus helping to uncover and deter corruption) and monitoring the quality of financial management, but also examining whether spending has offered value for money – answering the question “was the spending economic, efficient and effective?”. One essential is that contentious policy and party politics should be kept away from PACs, who should concern themselves purely with finance and implementation.

In most cases, PACs have a very different role from committees that scrutinise (and may help to approve) the government's budget – these may be called finance or budget committees, and come in at the beginning of the public finance 'cycle' rather than at the end, where PACs crop up.

There were bad times for PACs in the 20th century, with meetings in some countries becoming rare events and little public interest in their proceedings. But since the turn of the 21st century interest in PACs has rapidly increased. Margaret Hodge, Chair of the UK PAC in the 2010-15 Parliament, became a regular TV performer as she demanded answers from civil servants. I worked for two years as Clerk of the Westminster PAC in Hodge's day, and since then I have advised many others in Africa, Asia and the Caribbean, and my impression is that PACs across the world have never been busier or more significant. In the UK, big issues such as tax avoidance, wasteful hospital IT systems and aircraft carriers without aircraft have been tackled and some policy changes achieved, and in many other countries the pressure has been on officials to explain themselves.

The fact that PACs in different countries have a similar role has encouraged the growth of a vigorous culture of sharing across national (and sometimes sub-national) boundaries. There are regional representative bodies in almost all parts of Africa, in Asia, Australasia and Canada, as well as newly-fledged networks in the Pacific and the Caribbean. There are real and virtual conferences, training days, and peer reviews. No PAC, under pressure perhaps from stubborn and obstructive governments, need feel alone. The Commonwealth Association of PACs is a new kid on the block. Now run from Malta, the Association has a growing list of members and reflects the strength of the 'Westminster' tradition and its related principles.

The idea of PACs is spreading beyond the Commonwealth. In many European countries, approving the setting of the budget is seen as the key financial role of the legislature. The after-the-event examination of accounts and value for money is not seen as quite as important in such countries as in the Commonwealth, and French-tradition legislatures often don't do it at all. So the work of approving audited accounts is mostly left up to a court of audit or similar non-parliamentary body, with a judicial rather than legislative constitutional niche.

However, Morocco, heavily influenced by French principles of governance, has recently set up a Public Finance Oversight Committee in its House of Representatives which has some of the 'post-hoc' characteristics of a PAC. When I gave a talk at the House of Representatives in Rabat in December 2015 on *International experiences in budget oversight and financial scrutiny*, I found a lot of interest from MPs in the issue of financial governance; the event was well attended and MPs followed the sessions closely. The programme appeared to be popular with the MPs present, judging by the number, range and quality of detailed questions posed at the end of the day. The support of the Speaker of the House of Representatives is clearly important in giving a positive signal about the significance of financial scrutiny, including 'PAC' work.

Supreme Audit Institutions are also key to success in this vital task of accountability for public spending. In the UK the National Audit Office plays a big role, not only in providing the reports and audited accounts on which the work of the Public Accounts Committee is based, but in briefing the Committee and often drafting its reports. This is not often acknowledged, as both PAC and NAO guard their constitutional and institutional independence fiercely, but the NAO's close support is one of the things that makes the UK PAC so effective. All around the world, indeed, PACs and audit offices exert complementary pressures to aid accountability. Behind-the-scenes investigation by the auditors (whether in regular financial audit or in the more complex task of assessing value for money of particular projects) goes along with scrutiny of senior responsible officials by MPs, often in public session.

But audit offices in small states often struggle to keep up with the demands of financial auditing. I have talked to PAC Chairs from many jurisdictions, especially but not exclusively in the Caribbean, who have been frustrated by the slow pace of the production of annual audited accounts for Ministries. Sometimes it can take years for accounts to emerge, by which time the process of deterring corruption and checking on financial regularity and management almost seems irrelevant. In the smallest states the limited number of public officials, elected or appointed, means that PAC Chairs can find themselves effectively examining their own performance as Ministers – entangling the process of financial accountability messily with party politics. With financial accounts, timeliness is as important as accuracy, otherwise the whole machinery of scrutiny seizes up, or worse.

In several countries I have visited recently, the senior non-political officials – whether formally 'accounting officers' or not - would welcome greater activism on financial accountability from PACs. On at least one occasion, a Permanent Secretary has felt that there had not been adequate scrutiny of spending decisions taken effectively by Ministers,

without any parliamentary scrutiny and sometimes against the wishes and better judgement of the accounting officer. Other accounting officers can resent the scrutinising attentions of Public Accounts Committees, but I have found that the good ones appreciate the chance to explain their actions in guarding the public purse.

This may all seem a bit negative, but PAC reports can also be used to encourage good public performance. In Malta in January 2016, on behalf of PAI, I gave a presentation on the principles of public service quality and standards to a conference of senior public servants.

I used examples of PAC reports on, for example, out-of-hours services from family doctors, to illustrate where the health service had succeeded in delivering quality, as well as where it had failed. PAC reports are a fertile source of information for those who want to improve the quality of public service performance.