Parliamentary Oversight – Committees and Relationships

A Guide to Strengthening Public Accounts Committees

ACCOUNTABILITY and AUDIT
Improving Accountability, Enhancing Public Confidence

CCAF-FCVI
Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.

Margaret Mead

WE THANK AND ACKNOWLEDGE THE THOUGHTFUL, COMMITTED CITIZENS IDENTIFIED ON THIS PAGE WHO SHARED THEIR KNOWLEDGE AND EXPERIENCE WITH US.
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PREFACE

CCAF-FCVI Inc. is a non-profit Canadian research and education foundation dedicated to increasing knowledge about governance, management, audit and accountability in the public sector. Founded in 1980, CCAF provides a neutral forum where governing-body members, public-sector executives, legislative auditors and professional service providers can advance their shared interests.

This publication that relates to Parliamentary Oversight is a key component of CCAF’s Accountability and Audit Research Program. The other components of this program are Crown corporations, transfer payment arrangements and internal audit.

The role of public accounts committees

This publication is the final research report for the first research component, Parliamentary Oversight. It examines the role of the public accounts committees of the legislatures of Canada's senior governments.

CCAF’s research aims related to this initiative were to:

- understand and assess the interrelationships among the three communities of interest in parliamentary oversight - parliamentarians, senior government management and legislative auditors - in order to identify strengths and areas for improvement
- identify best practices for effective accountability and oversight of government operations and expenditures, and strategies for their communication and implementation, and
- provide tools for practical use in improving parliamentary committee oversight and accountability relationships among the communities of interest in Canadian jurisdictions.

1 Throughout the report, we use the terms parliament, legislature and legislative assembly interchangeably. Similarly, we use the terms scrutiny, oversight and accountability broadly and (when appropriate) interchangeably. Although we refer consistently to public accounts committees, we are aware that some Canadian and international jurisdictions use slightly different names for their committees.
Our research plan included a literature review, a study of international good practices\(^2\) in legislative oversight, a survey of Clerks of public accounts committees across Canada (in partnership with the Executive Secretariat of the Canadian Council of Public Accounts Committees), and interviews and roundtable discussions with the Chairs of public accounts committees and other parliamentarians, legislative auditors, and senior public-service managers in all Canadian jurisdictions.

We were also invited to discuss our progress at two national conferences of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors (Fredericton, August 2004 and Niagara-on-the-Lake, August 2005), and at the national Comptrollers’ Conference (Victoria, August 2005).

**Our related publications**

In the course of the research phase of the project, we published:

- a background research paper for CCAF members entitled *Review of Recent Developments in Legislative Oversight in Britain and Australia, with Special Reference to Public Accounts Committees* (Ottawa: CCAF-FCVI, August 2004)


- a discussion paper for participants at the 2005 conference of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors on *Emerging Themes and Considerations* (Ottawa: CCAF-FCVI, August 2005), and

\(^2\) In our 2004 Background Research Paper, "Review of Recent Developments in Legislative Oversight in Britain and Australia, with special reference to Public Accounts Committees (PACs)", we found that no clear criteria existed in these countries as to what constitutes effective performance; therefore, when we refer to international practices in this publication, we have adopted the terminology "good" rather than the more frequently used term "best" practices.

This report is accompanied by supplementary materials with practical suggestions and advice that together could form a Public Accounts Committee orientation package. These materials include information about:

- **Statement of Mandate and Powers**
- **Operating Principles and Practices**
- **Preparation for Hearings and Frequently Asked Questions**
- **Guide for Witnesses**
- **Reporting and Follow-up, and**
- **Assessing the Impact and Effectiveness of Public Accounts Committees**

**Our thanks to those who contributed**

Each of CCAF’s research programs receives strategic direction and advice from an advisory committee regarding the relevance and appropriateness of the research, and its communication, implementation and use. The members of the Accountability and Audit Program Advisory Group are:

- **Michael P. Eastman** (Chair) CCAF Executive Director
- **Rita Dionne-Marsolais** MNA, Rosemont and Chair of the Public Administration Commission Quebec National Assembly
- **Fred J. Dunn** Auditor General of Alberta
- **Carman Lapointe-Young** Auditor General, World Bank Group
- **Carol Layton** Deputy Minister, Public Infrastructure Renewal, Government of Ontario
- **David McLaughlin** Former Executive Director, Advisory Panel on Fiscal Imbalance, The Council of the Federation, currently, Chief of Staff to Jim Flaherty, Minister of Finance Canada
- **Michael J. McLaughlin** Vice-President and Chief Financial Officer, Canadian Air Transport Security Authority
John L. Noseworthy  Auditor General of Newfoundland and Labrador
Nick Shandro  Former Chief Internal Auditor, Executive Council, Government of Alberta
Jon W. Singleton  Auditor General of Manitoba
Charles-Antoine St-Jean  Comptroller General of Canada
Ken Stewart  Former MLA and Chair of the Select Standing Committee on Crown Corporations, currently, Councillor, Municipality of Maple Ridge, British Columbia
Axel Thesberg  Canadian Managing Partner, National Assurance Centre and Professional Practice, KPMG
John Wiersema  Deputy Auditor General of Canada
John Williams  MP, Edmonton-St. Albert and former Chair of the Standing Committee on Public Accounts

We thank them for their valued advice and support. We would also like to thank all those involved in producing this research report - the CCAF researchers, survey participants and all those who contributed through interviews, roundtables and advisory groups.

In particular, we extend special appreciation to CCAF Senior Research Associate, Elizabeth (Libby) MacRae, who was the lead researcher for this project, and to David Moynagh for his contributions in his capacity as CCAF Director of Research. We would also like to extend thanks to the Executive Secretariat of the Canadian Council of Public Accounts Committees. Last but not least, we recognize those who were instrumental in making this project possible – they are listed on the acknowledgements page found at the front of this report.

Michael McLaughlin, FCMA
CCAF Chair
EXECUTIVE SUMMARY

This CCAF-FCVI research report explores accountability and governance relationships among public oversight committees, legislative auditors, and senior government managers, with particular focus on public accounts committees.

The report is practical rather than theoretical. It suggests a framework of core powers and practices to support the effectiveness of a public accounts committee.

Following an overview of public accounts and the parliamentary accountability process in Canada’s fourteen legislatures (the federal parliament, ten provincial legislatures and three territorial legislatures), the report briefly discusses four characteristics of Canadian public accounts committees:

- Parliamentary oversight committees in each jurisdiction are unique.
- Public accounts committees must try to avoid partisanship to be effective.
- A public accounts committee should operate independently of government and should be curious enough to ask probing questions.
- Parliamentary committee proceedings can play a meaningful public-education role.

The section that follows gives examples of good international legislative oversight practices, particularly in the United Kingdom and Australia, and provides some general findings and recommendations from recent research assessing the performance of public accounts committees.

The heart of the report presents our research findings and suggestions for strengthening the powers and practices of public accounts committees. We believe that a successful public accounts committee should:

- operate with a formal and clearly defined framework of powers and practices;
- have the capacity to put those powers into practice; and
• ensure strong committee leadership with a close and mutually supportive relationship with the legislative auditor.

The report concludes with a discussion on measuring the effectiveness of public accounts committees.

Complementing this report are a number of supplementary materials offering guidance on:

• what might be included in a committee mandate;
• documenting procedures and practices (with examples of good practices);
• preparing for committee hearings;
• appearing as a witness;
• reporting and following-up; and
• measuring a committee's performance.
PUBLIC ACCOUNTS AND THE PARLIAMENTARY ACCOUNTABILITY PROCESS

It is a fundamental principle of Canada's parliamentary system that each federal, provincial and territorial government must be held responsible to the legislature by whose authority it governs, and through the legislature to the citizens at large. This includes being held to account for the government's use of taxpayers' money, which is reported annually in the public accounts of each jurisdiction. The public accounts usually consist of the government's consolidated financial statements and other statements and information prescribed by law.

Each of the 14 legislatures in Canada - the federal parliament, 10 provincial legislatures and three territorial legislatures - has an independent officer - the legislative auditor - who provides assurance on the reliability of the public accounts and who reports to the legislature. This legislative auditor normally has a mandate to audit all government departments, corporations, agencies and funds. The legislative auditor's mandate, in addition to providing assurance on the reliability of financial statements, includes compliance audits and performance audits (also called value-for-money or systems audits). The auditor tables his or her audit report in the legislature at least annually. As the Canadian Council of Legislative Auditors pointed out in its February 2000 discussion paper Legislative Audit: Serving the Public Interest:

Legislative Auditors fulfill a unique position in the accountability regime of Canadian governments. They have been able to serve the accountability relationship between government and Legislative Assembly because they have sufficient independence from government to be credible, they have comprehensive mandates that are set out in legislation, and they have the forums to report directly to the Assembly. Moreover, they have acquired the necessary expertise to carry out their role effectively.
The legislative audit process closes the circle of a legislature's accountability for public money, which begins with the granting of funds by the legislature to the government of the day.

The idea of including a legislative committee in the accountability process has a long history in Westminster legislatures. The first was established in England in 1690 under the Act for Appointing and Enabling Commissions to Examine, Take and State the Public Accounts of the Kingdom. It eventually fell into disuse. The first modern public accounts committee was struck by the U.K. House of Commons in 1861, at the instigation of the then-Chancellor of the Exchequer, William Gladstone.

Today in most Canadian jurisdictions the report of the legislative auditor is referred for review to a public accounts committee, which is made up of elected members of the legislature. After reviewing the report, the public accounts committee may make its own report to the legislature, often with recommendations, and may require the government to respond to the committee's recommendations within a specified time period.

Most Canadian governments also table annual performance reports in their legislatures. Performance reports of departments and other government organizations include financial and non-financial information. They are referred either to the public accounts committee or another standing committee of the legislature for review.

Jonathan Malloy, Assistant Professor and Associate Chair of the Department of Political Science at Carleton University in Ottawa, describes public accounts committees as “an auditor's best friend.” He suggests that the “key strength of PACs is their high visibility as a public forum:”

public accounts committees are an important adjunct to the work of auditors-general. While the relationship is generally close, PACs are their own institutions. Committees provide a valuable and unique public forum for further discussion and investigation of the work of auditors-general (Canadian Public Administration 47:2 [2004]).

The public accounts committee is a significant part of the financial accountability cycle of government. The committee is concerned with value
for money in the administration of government policy rather than with policy itself, and it assists the legislature to hold the government to account for spending taxpayers' money and for stewardship over public funds. It helps to make sure the government accounts for its operating policies and actions, and for its management and use of public resources.

In addition to the public accounts committee, other oversight processes and legislative committees contribute to a legislature's capacity to hold a government accountable for its spending, including Question Period, Crown corporations committees and estimates committees.
CHARACTERISTICS OF PUBLIC ACCOUNTS COMMITTEES IN CANADA

Committees are essential to the work of Canadian legislatures, and public accounts committees can be vital for effective parliamentary oversight. In her 2004 guide *The New Member of Parliament and Committees*, Amelita Armit of the Parliamentary Centre notes that:

> It is in committee where the individual MP weaves three strands of an MP's function together: as legislator, reviewing, modifying, amending legislation; as overseer, reviewing government policies, programs and expenditures; and as representative, hearing the various voices of the citizen, representing constituent concerns and reflecting the public interest in the deliberations of the committee.

It is important to appreciate and respect both the similarities and differences among the oversight roles of legislatures, and how these may change and evolve in various jurisdictions. We found it useful to look at public accounts committees in terms of their uniqueness, non-partisanship, personal dynamics and public nature.

**Uniqueness**

Parliamentary oversight committees in each jurisdiction are unique. This reflects the individual members, political realities and different interpretations of the terms of reference and the mandates of the committees.

The membership of a committee is representative of its specific region, and varies widely in language, culture and gender, among other factors. Members must consider the values, history and dynamics of their jurisdiction, the committee's operating practices, and the public's demands and expectations. Size matters: if the legislature is large, members will likely have specific responsibilities; if small, members will more likely be generalists.
The CCAF's earlier report on *Improving Accountability: Canadian Public Accounts Committees and Legislative Auditors* (1981) observed that “because of the difference in size and traditions of the legislatures and administrations of the various Canadian jurisdictions, there may be no single model for a Public Accounts Committee.” This observation still holds: we found considerable variations in the relationships between the legislative auditor and the committee and between government senior managers and the committee, in the mandates of committees, in how they conduct their business, in their reporting to the legislatures, and in requirements for government follow-up of a committee's recommendations.

**Non-partisanship**

Public accounts committees must try to avoid partisanship to be effective - members should develop good working relationships with each other and look for consensus. To reduce partisanship, the CCAF's 1981 report recommended that:

> In the great majority of cases, it should be public servants, not ministers, who are asked to give testimony. Only where a minister has been directly responsible for some decision queried by the committee should the minister be called. Where public servants have been given responsibility for the administration of programs, they should be held accountable for their performance. The absence of ministers, either as members of the committee or as witnesses, will have the effect of reducing the level of partisanship in proceedings.

In their responses to our survey of public accounts committees, eight committees stated that they normally operate in a non-partisan fashion, one said they did not, and five declined to comment. When asked specifically about challenges facing the committees, four noted a highly partisan climate, but several others stressed that their committees are “non-partisan with broadly shared values.” One observed that the committee “could benefit from dedicated non-partisan research assistance - now it is provided only through the caucuses.”
During our consultations, we were told that “public hearings where ministry staff respond to the Auditor General’s Report are more politicized. Report-writing meetings held in camera tend to be more collegial.” We were also told that “the Opposition Chair sees a media headline as success,” and that “it may be difficult for an MLA on PAC to distinguish between the roles of a member of a political party and a member on PAC representing the whole Assembly and the public generally.”

One Chair talked of “constructive partisanship - while it is the job of the opposition to push the issues, government does not want to upset the apple cart. Parties need to play their roles constructively within the committee structure.” At the beginning of the committee’s hearings, another Chair states, “we are a non-partisan committee with a mandate to ensure economy, efficiency and effectiveness in public spending - in other words, accountability for the use of public funds. Our task is not to challenge government policy but to examine its implementation. The results of our deliberations will be reported back to the legislative assembly.”

Two of Canada’s territories, the Northwest Territories and Nunavut, have “consensus governments” where there are no political parties in the legislature, but otherwise they retain the characteristics of the Westminster parliamentary system. Legislators we interviewed felt that consensus government encouraged collegiality and fostered a positive and co-operative relationship among committee members.

The personal dynamics of a committee

By its nature, a public accounts committee should operate independently of government and should be curious enough to ask probing questions. Members “need to have respect for the institutional process - the passion, commitment and value of parliamentary oversight,” as one respondent said. Members should be strong and independent of each other, but working to complement and support each other’s efforts. “The role of the Chair, Vice-Chair and the personalities of the committee members are key to operating in a collegial manner.”
The committee as public forum

Parliamentary committee proceedings can play a meaningful public-education role.

An integral element of public accounts committees is their public nature: they have high visibility that often attracts media attention, meetings are open to citizens and the media, and full verbatim transcripts and minutes are prepared and made available to the public.

This openness, moreover, goes beyond public awareness. Jonathan Malloy maintains that the “committees' main contribution toward accountability is providing a formal public forum for the investigation of issues, something that auditors-general cannot do themselves. While written committee reports and recommendations can be important and influential, committees' effectiveness should not be measured by this aspect alone. Rather, it is their ability to publicly examine issues and place information before the public and media that is most valuable.” We were advised that “public transparency is important,” although we also heard that the “complexity of government has increased immensely [making it] very difficult to project to the public any idea of accountability.”
INTERNATIONAL GOOD PRACTICES

Our research included a study of international good practices in legislative oversight, particularly in the United Kingdom and Australia, where is much interest in improving the effectiveness of public accounts committees. Some experiments in evaluation now under way are worth watching, but only a few committees seem to be addressing the issue of their own performance in a rigorous and systematic manner.

Exercising leadership

We identified several examples in which committees raised major accountability or cross-cutting management issues that were not on a government's current agenda or were moving slowly. Good practices could include how committees go about identifying important issues, how they bring them to the attention of the government and other main stakeholders like Crown corporations, how they get the parties together and make sure that commitments to act are made, and how they follow up. Some of these examples include:

- **influencing the Auditor General’s work program to include audits or studies of key issues**: In the United Kingdom, the National Audit Office (with public accounts committee assistance) claims to save an average of £8 for every £1 spent on audit work, and has consistently recovered more than it spends for many years. Because of this high rate of return, the committee successfully recommended an increase in the number of National Audit Office value-for-money audits, and was instrumental in supporting the expansion of the National Audit Office's mandate to audit more entities.

- **launching inquiries into matters not raised by the Audit Office**: The Australian federal government's Joint Committee on Public Accounts and Audit has the power to initiate independent or supplementary inquiries, and regularly carries out two or more major inquiries a year that appear to occupy at least half of the Committee's total time.

- **encouraging the government to take action**: In the United Kingdom, the public accounts committee periodically takes stock of the
broader implications of its work by preparing cross-cutting reports dealing with issues that arise in several departments or several National Audit Office reports. Its groundbreaking 1994 report on the proper conduct of public business outlined improvements to help departments avoid the failings in financial administration that had brought them before the auditors and the committee in the past, and in 2002 it issued a report on improving public services through e-government.

• *reviewing the performance of the Auditor General*: It is the norm for Australia's federal and state public accounts committees to commission regular independent reviews of the work of the auditors general, and frequently to hold public hearings on the resulting report. For example, the state government of New South Wales is responsible for commissioning an independent review of the Audit Office every three years.

**Building and sustaining capacity**

We noted a number of factors that help support and strengthen the capacity of committee members for effective scrutiny of public expenditure. Good practices include training and development, continuity of membership, teamwork, specialization and division of labour, information briefings, expert witnesses and advisors.

• *subcommittees and information-gathering sessions*: Before starting an inquiry, the Australian federal government's Joint Committee on Public Accounts and Audit sets up a subcommittee of members with its own full-time secretariat, and if necessary with observers from the Department of Finance and with observers and secondees from the Australian National Audit Office. For example, a 2004 inquiry into the management and integrity of electronic information had a staff of six: a secretary, two research officers and three administrative officers. The committee then advertises the inquiry in the national press and on the Internet, calls for written submissions from interested individuals and organizations, and encourages key stakeholders to attend public hearings. On occasion, evidence is gathered directly from field inspections or by questionnaire.
expert assistance: In Australia, the Public Accounts and Estimates Committee of the state government of Victoria seconds a performance auditor from the Auditor General's office to help with research for the committee's review of departmental estimates. In the United Kingdom, since 2002, the House of Commons' Committee Office has included a Scrutiny Unit of researchers to help committees, and the National Audit Office provides expert assistance and support to departmental select committees to review departmental estimates, business plans and annual reports.

exchanging ideas: In Australia, committee chairs generally appear to place a high value on publishing and exchanging information. They reach out to the public through the Internet, organize study tours, attend gatherings of parliamentarians in Asia, Europe and North America, and hold biennial conferences (some of which Canadian parliamentarians have attended).

Achieving and demonstrating results

Public accounts committees often ask the government representatives who appear before them for measures of results. Yet, like most parliamentary committees, they appear to have doubts about the practicality of measuring the impact and effectiveness of their own work. The issue of results measurement raises difficult questions about committee objectives, who sets them and to whom the committee reports. Nevertheless, a committee's ability to demonstrate a clear and purposeful direction and outcome for its work can help to raise public confidence in government.

setting objectives and publishing an annual report with performance information: In Australia, most public accounts committees issue comprehensive annual reports or reviews each year summarizing work completed and in progress, highlights of hearings and recommendations, government responses, and implementation actions by the government. The annual report of the state of Victoria's Public Accounts and Estimates Committee, for instance, sets out objectives, impacts and plans, including targets for work completed and timeliness, and a chart showing how the committee's inputs and activities can lead to better scrutiny of government, implementation of recommendations, improved
financial and management practices, and ultimately better
government performance. It sets targets for implementation of its
recommendations, and publishes the cost of its enquiries
(considered an important performance measure).

• identifying the factors that lead to effective committee performance: The Australian federal government's Joint Committee on Public Accounts and Audit identifies six critical success factors for itself: clear underpinning legislation, independence, a wide role and extensive powers (defined in legislation) to report on any income or expenditure matter, transparency of activities, multi-party and committed membership, and links with an independent Auditor General.

• commissioning a review of effectiveness: In the United Kingdom, the public accounts committee commissioned a review in 2001 by the National Audit Office on the impact of its work. The review, which was for the committee's private information and was not published, considered three principal indicators of impact: the acceptance and implementation of committee recommendations for improvement, the views of senior public servants about the usefulness of the committee's work, and the quality of press coverage of committee reports. In 2002, the Scottish Parliament's new Audit Committee commissioned a legacy study by independent academic experts to identify international best practices and to suggest improvements for the committee to consider. The public accounts committee of the Australian state of New South Wales published a history of the committee's first one hundred years from 1902 to 2002, which concludes that the committee has been more effective since its mandate was expanded in 1982.

The World Bank study

A 2005 World Bank policy research working paper on Scrutinizing Public Expenditures: Assessing the Performance of Public Accounts Committees sought to define successful committee performance and to identify the factors that help or hinder successful performance. The purpose of the paper was to deepen the analysis of David McGee's The Overseers: Public Accounts Committees and Public Spending (London: Pluto, 2002). McGee's
The study also identified four basic constraints that can seriously inhibit the effectiveness of public accounts committees: a highly partisan climate, government dislike of legislative oversight, a lack of media or public involvement, and a weak ethical base for public service.
STRENGTHENING THE POWERS AND PRACTICES OF PUBLIC ACCOUNTS COMMITEES

Our research clearly identified the prerequisites for a public accounts committee to do an effective job. In this section, we outline our findings and suggestions for strengthening the powers and practices of public accounts committees based on our new understanding of the current state of committee operations across Canada. Complementing our discussion here are published materials offering guidance on what to include in a committee mandate, preparing for committee hearings, documenting procedures and practices (with examples of good practices), appearing as a witness, reporting and follow-up, and measuring a committee's performance.

1. A formal and defined framework of powers and practices

A successful public accounts committee is one that is effective: that is, the results or accomplishments of the committee's work have made a difference, for example, to a positive change in the management of government programs and thus, to the public-administration goal of improvement. The key to a successful committee is a formal and clearly defined framework of powers and practices - without this framework, even the most committed Chair and committee members will have significant challenges in making sure that the committee is effective.

More than half of the committees responding to our survey had adopted a statement of roles and responsibilities, although it was unclear whether the statement is different from the legislature's order of reference. Most respondents noted that since our 1981 study, their roles had changed or their responsibilities or activities had increased. For example, several are paying more attention to value-for-money issues or to reviewing the work plans of the legislative auditor. Some legislatures have formed a public accounts committee for the first time, or have recently reactivated an inactive committee. Most committees automatically receive and review public accounts and the reports of legislative auditors, but some jurisdictions do not
have any organized review of departmental plans or performance reports either by their public accounts committee or another committee.

**The power to call meetings**

The committee should have the power to call meetings as required. The Chair should consult with all parties represented on the committee to arrange meetings, and the committee should meet frequently and regularly. Almost all committees reported that they hold regular meetings. However, not all committees in Canada have the specific power or capacity to initiate and arrange for the holding of a meeting.

**The power to meet outside the legislature's session**

The committee should have the power to sit outside the legislature's session, to sit whenever necessary, and to be able to meet throughout the year. We believe this power “is a valuable one, even if it is not regularly exercised. It is a particularly attractive option where the legislature meets for only a relatively short period each year. The appointment of a committee for the duration of a legislature seems the easiest way to achieve this flexibility.”

Ten of the fourteen respondents stated that they held sufficient meetings to discharge their responsibilities, although in some cases the committees cannot sit when the legislature is recessed or prorogued. There was a wide variation in the number and regularity of meetings held, with an average of thirteen per session within a range of zero to sixty meetings. We observed differences in how meetings are called, whether an annual schedule is prepared in advance or meetings are called randomly, and whether committees had sufficient time to prepare for meetings and to draft reports.

**The power to call whichever witnesses it deems necessary, and as required**

The committee should have the power to call whichever witnesses it deems necessary, and as required. A typical witness is a senior public servant, supported by officials who have a detailed knowledge of the issues under discussion. Ministers could be witnesses if they were personally involved in the decision or situation.
Nearly all committees indicated they have the right to call a wide variety of witnesses - public servants, cabinet ministers, expert witnesses and private citizens. Some mentioned that they “invite” witnesses; others noted the right to call, but not the practice. Although most committees hold public servants accountable for performance of administrative duties and implementation activities, only five committees are consulted about government initiatives to reform financial management, control structures and processes. Two committees have ministers as the principal witnesses, although we were told that “having the minister as the primary representative of government in public accounts committee meetings will increase partisan politics by increased consideration of policy itself and will diminish discussion of the achievement of policy goals” and that “ministers say whatever they want; there is only political accountability, not administrative accountability.” We were also told, however, that since “the minister is ultimately responsible for the department and [he or she] was around when Estimates were presented, [the minister] should be there to complete the accountability cycle.” It should be remembered that there are other opportunities for a minister to participate and be asked questions during the accountability cycle.

We also heard the comment that “there is a direct correlation between the quality of questioning and the quality of response.” Most committees have some sort of protocol for the order of questions and strict time limits. Many provide the opportunity for written responses if time is limited. One committee observed that “we devise the questions, we compile all the questions, and then we divide them up among members, and it is not done in any particular order other than to try to ensure that the questions we ask are done in a consistent manner.”

**The power to initiate inquiries**

The committee should have the power to initiate inquiries. It should not be limited to issues referred by the legislature or included in legislative audit reports.
Ten respondent committees can initiate inquiries not specifically referred by the legislature or outlined in documents referred to the committee. Ten also have the right to request that the legislative auditor conduct a specific review or special examination, but the audit office usually has the right to decide if it will undertake the review. While this is a statutory right for some of the committees, most committee members were of the view that “the auditor must have the final say to retain [his or her] independence.” Most committee members also felt that by initiating their own inquiries, the work of the public accounts committee was more personally rewarding and relevant to the public.

The power to report substantively to the legislature

The committee should have the power to report substantively to the legislature with informed and substantial conclusions. The conclusions and recommendations should have the full support of the committee, and not be weakened by partisan votes of dissent.

Twelve committees prepare reports summarizing their work at least annually. One does not prepare reports, one does not have the mandate to make recommendations, and others may not always make recommendations. Reports usually represent a consensus, but three committees are permitted minority reports and another three can append a dissenting opinion. We learned that one committee “does not permit dissenting opinions or minority reports, which they consider to be a good practice in order to discourage dissension and encourage collegiality.” In their functioning, committees should work towards consensus.

The power to make recommendations, require the government to respond, and follow up

The committee should have the power to make recommendations, require the government to respond to the recommendations, and follow up on the implementation of its recommendations. When completed, the committee's report should be presented to the legislature for debate; this step will give added value to the recommendations and to the whole work of the committee.
A final step is required to close the accountability loop: this could include having follow-up meetings with witnesses, and establishing a systematic follow-up process and procedures. As one roundtable participant suggested, “perhaps the public accounts committee should set up a report card on the committee Web site where we report on how the government is doing in implementing the recommendations.”

Most committees noted they had the right to ask the government to table a comprehensive response to their reports within a specified time. Some committees posted this response on the committee's Web site with the committee report. One researcher noted “this helps to strengthen the onus on the government to produce a meaningful accounting of its actions.” Although few legislatures set time aside to debate public accounts committee reports in a meaningful way, a committee member or Chair could propose a motion, for example, to concur with a committee report. Half of the committees noted they have an effective follow-up process (usually with assistance from the legislative auditor), and some also have follow-up hearings. One committee has recently issued a guide to its follow-up processes. Unless the committee makes a substantive report and follows up on the implementation of its recommendations, it is less likely that a government will feel compelled to take action.

2. The capacity to exercise the committee's powers

In addition to having clearly defined powers, the committee must have the capacity to put those powers into practice. This is more likely if the powers are authoritative and institutionalized at the highest level, or are reinforced in legislation. The ability to exercise these powers may also be influenced by the knowledge and experience of its membership, the committee practices they adopt, the availability of resources such as financing, and access to expert advice and researchers and relevant information.
Membership

Because of a public accounts committee's unique parliamentary oversight role, the ideal personal requirements for membership are expertise and experience. We were told that “to be effective, the committee requires skilled and interested members who are willing to work in a non-partisan fashion,” and that “to be effective as a committee member, it takes a while to become experienced [and] it takes experience to be effective. It takes more time to be effective on the public accounts committee than on other committees where you can just jump in.”

Continuity and stability of membership are important for the committee's capacity and corporate memory, and committee composition and turnover can make a difference to the information needed. We heard that “one must consider the fluidity of committee membership and changing parliamentary priorities.” It is also important that a public accounts committee have permanent members, and that committee members be appointed for the full term of the legislature. We were told that “permanent membership adds to the culture, the knowledge of what needs to be done.”

Ten of the fourteen committees meet the size recommended in our 1981 study: between five and eleven members (since 1991, one has moved into the recommended range while two have expanded beyond it). Except for two of the territories that do not have party-based legislatures, all have opposition Chairs - a marked change since 1991.

Eight committees responded that they operate in a non-partisan fashion. For the most part - but not necessarily in every jurisdiction - each political party has the same proportion of members on the public accounts committee as it has in the legislature. We heard several comments about party representation: “maybe we should have equal members of opposition and government on committee,” for instance, and “membership should be evenly split among the parties even in a majority government.” Otherwise, in a majority government, government members
can potentially control the committee with their votes, even with an opposition Chair.

Nine committees exclude ministers from sitting on the committee, largely on the ground that if the legislature is to scrutinize executive expenditure, it does not make sense to have executive members taking part in the process. Moreover, ministers may not have sufficient time to prepare, and if deputy ministers are the chief witnesses, it could be disadvantageous to the work of the committee to have a minister responsible involved.

Sufficient orientation should be provided to committee members on their roles and responsibilities and the results to be achieved. This could include guidance on how best to focus the issues at hand, how to ask the right questions, and how to build up expertise and financial literacy. Eleven of fourteen committees provide orientation or training to new members, similar to the situation observed by the Canadian Council of Public Accounts Committees in 1991. We were told that it could be appropriate for the legislative auditor’s office to “assist the committee in improving its effectiveness through coaching and sharing their insight on questions asked and answers provided at the committee.”

**Practices**

The practices employed in conducting committee meetings have a strong influence on efficiency and the best use of members’ time and availability. For maximum effectiveness certain elements are important, such as regular and frequent meetings to keep up with business, agendas and advance briefing notes, clear objectives and work plans for hearings, subcommittees or steering committees to examine specific issues, and advance meetings and briefings with the legislative auditor. We were told of the “lack of time to devote to public accounts due to [the committee’s] broad mandate,” and that there was “not enough time for members to ask probing questions or read materials,” due in part to the “wide range of often technical and complex issues confronting a limited number of MLAs.” Some committees find it useful to focus on fewer issues in depth, prioritizing areas of greater risk.
Most of the committees prepare formal minutes, and half have a planning or steering subcommittee where future work is planned or sensitive issues are reviewed. Some others have established subcommittees for special purposes such as combating corruption and financial reporting. In some cases, the legislative auditor sits on the subcommittee. Several committees hold in-camera meetings of the whole committee to receive a briefing on the legislative auditor’s reports before public hearings where witnesses are called.

We also received the suggestion that pre-briefings in camera with witnesses might be useful in building more effective relationships with government management.

**Resources**

Financial resources must be sufficient for the committee to achieve its mandate. It should have appropriate research and technical support, including politically neutral research staff who are highly knowledgeable in public administration and accountability. Processes should be put in place to ensure the continuity of staff. Good advice and information is necessary for the committee to select the right issues and to be able to follow them through to an appropriate conclusion. “The roles of the committee Clerk and researchers are important, particularly with respect to corporate memory,” one participant mentioned, and another pointed out that “without sufficient resources and standing, [the committee’s] ability to influence or change behaviour is limited.” We also heard that “the public accounts committees with dedicated staff are, in my opinion, the most productive and effective. They look at things in more depth, they fashion recommendations, and they follow through on those recommendations.”

Most committees considered their financial resource level to be adequate (11 of 14, a higher proportion than the Canadian Council of Public Accounts Committees noted in 1991). While almost all had a Clerk assigned specifically to the committee, only eight provided in-house research staff. Some commented that they had the power to hire external expert consultants if they needed to, but that it might become a budgetary issue. All felt that
they had a suitable meeting place with appropriate recording facilities and adequate seating for the news media and the public.

Some jurisdictions report that they often share resources - such as people, information and procedural advice - with other committees. In the four jurisdictions in which a Crown corporations committee plays an oversight role, the public accounts committee will work jointly with that committee on occasion.

**Information**

The effective committee must have access to credible, reliable and appropriate information. Factual, non-partisan information is vital for holding the government to account. The committee should have a permanent reference to examine public accounts and the legislative auditor's reports.

Most committees reported that they automatically receive and review public accounts and legislative auditors' reports and have the power to send for papers and records (during our roundtables, however, we learned that automatic referral of public accounts was not necessarily the case). While the public accounts may be referred, committees tend to concentrate on the audit reports because they are more understandable and comment on issues of interest for legislators. Not all committees can gain access to cabinet documents or review government-wide or ministry performance reports.

**3. Strong committee leadership**

For a committee to be effective, its powers and practices must be combined with a respected and knowledgeable Chair who has well-developed leadership skills. Even the strongest mandated powers will not guarantee a committee's effectiveness without a knowledgeable and experienced Chair.

To provide strong leadership, the committee's Chair must be credible - sufficiently experienced to earn the respect of all committee members. He or she must have the appropriate authority and ability to manage the process.
“out of the dynamics of shifting politics,” in the words of one respondent: “the roles of the Chair and Vice-Chair are very important in terms of leadership and alignment and realignment of members.” The tone set by committee Chairs and Vice-Chairs in the conduct of meetings is critical, encouraging non-partisanship and informality, for example, and allowing members ample opportunity to ask questions.

Several committees noted that the Chair's remuneration for the extra work and responsibility increases the prestige of the position, and thereby, potentially influences the choice of incumbent and thus, contributes to committee effectiveness: “another success factor is that the Chair is paid extra as the Chair.” Twelve committees reported increased remuneration for the Chair, and eight for the Vice-Chair. Another five paid a special attendance or expense allowance to members attending committee meetings when the legislature is not in session.

**A supportive working relationship with the legislative auditor**

A significant factor contributing to the implementation of a committee's framework of powers and practices is its relationship with the legislative auditor. This should be a close and mutually supportive relationship built on shared trust and unity of purpose, but with distinct roles and independence of action. Ideally, the committee would have the capacity to provide input to the legislative auditor's work plans and priorities, to ask the auditor to conduct specific reviews on its behalf, and to work closely with the auditor to make sure that the recommendations of the auditor and the committee are followed up.

Committees noted that, for the most part, they have a good relationship with legislative auditors. During our roundtables, we raised the issue of whether the legislative auditor is a trusted advisor and source of expertise, or simply a permanent witness. Responses varied, even in regard to the seating location of the auditor: either beside the committee Chair or in the witness area. Representatives of the audit office almost always attend committee meetings and participate at hearings as witnesses when audit chapters are being discussed. One committee Chair stated that “the role of the legislative auditor is not to be an advisor but simply a witness who reports to
committee on work carried out,” and a legislative auditor observed that “I am a witness, who in limited circumstances will be an advisor.” A respondent also emphasized that “a clear distinction should be maintained between the role of the committees and the role of the auditors. The legislative auditor must remain an independent officer.” Only half the committees consult the auditor as an expert advisor when they prepare their work plans or reports, “but really during hearings, the public accounts committee must rely on the legislative auditor for expert assistance to define the true nature of problems and to assess the validity and implications of the evidence brought forward,” another observer noted. One legislative auditor stated that the public accounts committee is considered “as the auditor's partner in improving the administrative and fiscal management practices within government organizations.”

Most legislative auditors reported that they brief new committee members on the roles of the public accounts committee and its relationship with the auditor. Most committees said they review the auditor's reports, and most auditors keep committees informed about follow-up enquiries.

Ten of the fourteen committees can review legislation dealing with the Act governing the legislative auditor. Only two have input to the audit office's annual plan and four to the selection and appointment of the auditor. None can commission an independent audit of the audit office. In most jurisdictions, another parliamentary committee approves the budget for the audit office. “I think that to be informed of the Auditor General’s work plan and to give members of the committee the opportunity to provide input to the Auditor General for consideration in their work plan is key, as is the ability to request the Auditor General to undertake various examinations,” one committee Chair mentioned during our interviews. In one jurisdiction the committee appoints the auditor and approves the auditor's three-year business and operating plan and annual budget; the Estimates of the auditor's office are, by law, permanently referred to the committee.
**Government commitment**

For parliamentary oversight to be effective, the government must strongly support the process. The government should respect the committee's powers and authority. For example, the government could control the public accounts committee by appointing the majority of its members, selecting issues, terminating inquiries and declining to implement committee recommendations. As the Auditor General of Manitoba stated in his March 31, 2002 report, “Ultimately, a well functioning Public Accounts Committee is one in which government plays a more arms-length role on the Committee thereby demonstrating its commitment to letting the Committee do what it is created to do - holding government accountable for its stewardship responsibilities.”

Furthermore, there needs to be a clear focus on accountability for the implementation of policy. In other words, the committee should focus principally on the accountability of public servants for administrative and financial operations, rather than on the political accountability of ministers.

**Relationships with senior government managers**

The committee should be clearly aware of its authority and responsibilities in questioning senior government managers. We found from a number of observations that public-service accountability may not be fully understood or appreciated: “Is the committee holding the public service manager responsible for outcomes achieved and resources consumed?” “What are the dynamics of the public servants' role and what do they bring to the process?” “What makes them feel accountable?” “How does the bureaucrat define success?” “What are the intended and unintended effects on the public service?” “Move the politics aside; keep to the facts.”

While one Chair observed that for the most part “witnesses are genuine, honest and doing their very best,” another Chair noted a “mutual unintelligibility between legislators and senior managers.” One senior manager talked about
surviving the PAC experience.” However, throughout our interviews and roundtables a common theme continued to surface: trust and transparency are critical to effective and constructive relationships, and accountability is about relationships.

Relationships with Comptrollers General can also be useful to public accounts committees (usually a comptroller is responsible for the overall quality and integrity of a government's financial management and control systems). Half of the committees said that they set aside time to familiarize themselves with the work of the comptroller’s office, but only three have the comptroller or comptroller's office staff attend committee meetings or hearings. In three jurisdictions, the comptroller makes arrangements for the attendance of government witnesses at public hearings to respond to the auditor's reports; in one jurisdiction, the comptroller prepares and releases a guide for government witnesses. Although the role of the comptroller and the legislation governing the comptroller vary in different jurisdictions, we were told “the comptroller attends committee meetings to provide the Department of Finance's views on the findings of the auditor,” “the comptroller could have a key education role for the committee,” “the comptroller should be part of the process as a balance to the Auditor General,” and “if the comptroller were present, that balance towards the perspective of the public servant would contribute to a more effective balance of information.” One committee member noted, “I like the idea of having the comptroller present, but in what capacity - as an advisor or as a witness?” It would seem reasonable that a senior representative of a government central financial-control entity should attend meetings to answer questions of a government-wide nature that might arise.

Public and media involvement

All public accounts committees reported that their meetings for hearing witnesses' testimony are open to the news media and public. In promoting the work of the committee with the media and the general public, nine of fourteen committees said they issue press releases or offer press interviews, and have been successful in developing a good relationship with the
legislative press gallery. Six have at least some televised hearings, and it was noted that these tend to be better attended, but perhaps more partisan.

As one former parliamentarian stated, “until citizens have an emotional interest in a subject, they will not connect.”

4. The effective public accounts committee

We began this discussion of our findings by suggesting that a successful public accounts committee is one that is effective, yet measuring the effectiveness of a committee is not easily done. Less than half of the respondents identified their accepted and implemented recommendations as their main achievement, and even fewer have a formal procedure in place to track the result. Three also said they have informally tracked changes that they had influenced in legislation, in improving compliance with laws and regulations, in finance and control, in more timely and accurate government information, and in better public and legislative awareness of government programs. But most committees had not documented or formally addressed the subject of how they have made a difference.

Some committees consider following up on recommendations to be a best practice contributing to a committee’s effectiveness. The usual constraints to effectiveness - like partisanship - affect some but not a majority of them. The committees’ responses appear to reflect a very early stage in the thinking about results measurement, and perhaps some skepticism about whether it is either possible or practical in a highly political environment. Nevertheless several jurisdictions expressed interest in considering the matter further.

As well as the specific suggestions we have made so far to strengthen the powers and practices of committees, we found that better relationships with both the legislative auditor and the comptroller would likely contribute to more productive public accounts committees, and perhaps a balance between the two might help reduce partisan tension. Opposition members may have a stronger affinity with the legislative auditor, and government members with the comptroller.
At the 2005 conference of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors, we discussed the issue of assessing a committee's effectiveness. Participants in one group agreed unanimously that committees must make every effort to track and assess their own effectiveness. The rapporteur noted:

A basic measure of success was the ability of the public accounts committee to contribute to effecting a positive change in the management of government programs. That gained support around the table, and from that flowed the much more difficult question of how exactly the success can be measured. It was suggested that the committee must know what you want to measure before you can measure it. You need to be able to define critical success factors, develop a rigorous plan and time frame to look at your own success, and be willing to pose to yourself as a committee the important question “Did we achieve that?”

There was also a general consensus on the usefulness of involving the legislative auditor's office:

It's important to track the recommendations that committees make, to track the government's response to them (differentiating between a government agreeing in principle to a recommendation [and] whether or not the recommendation was actually implemented in part or in full). It was agreed that auditors' offices can be very helpful to public accounts committees in helping to track over time whether or not recommendations have been followed up, both in the auditor's office and the committee itself. It was recognized that the continuity of the auditor's office could help support that.

In another discussion group, the rapporteur said:

A signal that a committee [is] effective would perhaps [be to] publish on a committee Web site the actions taken by government on the recommendations that would become an explicit part of the public message.... The chair's saying “here's the actions that were promised by the government and here's the progress to date” would make the committee more effective.... We ended up with general agreement that national performance standards for public accounts committees are needed.
CONCLUSION

It is our hope that parliamentarians, legislative auditors and senior government managers will be able to use the information in this report to assess and strengthen their own relationships with one another.

We also hope those responsible for leading and resourcing oversight committees use the many ideas we obtained from committees in Canada and abroad to strengthen the effectiveness of their own public accounts committees.

Although this report concludes the research phase of this project, CCAF’s role is not yet complete. We intend, through education and capacity-building initiatives, to work with our three communities of interest to advance the ideas contained in this report and thereby contribute to the strengthening of public sector governance, management and accountability in this country.
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