

Strengthening Parliamentary Budget Oversight in the Caribbean – Phase 2

Port of Spain, Trinidad and Tobago

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Discussion Paper¹

**Re-visioning Public Accounts Committees
in Small Legislatures**

PACs in smaller Caribbean jurisdictions face many challenges. These are often structural in nature, given the small size of parliaments in the region. The effectiveness of PACs in small legislatures are undermined by many challenges:

- Most PACs in smaller jurisdictions rarely meet.
- Parliamentarians are usually compensated on a part-time basis despite the full-time demands of the occupation, leaving them inadequate time to focus on PAC duties.
- Parliamentary committees are generally not in operation in most small parliaments in the region. Therefore, infrastructure for committees is generally non-existent. There is an absence of parliamentary staff (e.g. clerks or researchers) to support parliamentary committees, including the PAC.
- The small number of legislators results in a lack of government “backbenchers” to serve on the PAC. As a result, government ministers often serve on the PAC, which may make it more difficult for committees to meet (since ministers are often not able to make themselves available for PAC meetings) and may also increase the level of partisanship (as other government members on the committee are unlikely to exercise a vigorous oversight role in the presence of cabinet ministers).
- In some jurisdictions, the Leader of the Opposition serves as the PAC Chair. This can increase the level of partisanship and reduce the incentive for the PAC Chair to exercise a strong leadership role in the committee. In a recent case, the Leader of the Opposition in his role as PAC Chair was required to preside over the review of audit reports that pertained to his tenure as Prime Minister.

The result of these structural difficulties is that PACs of small legislatures meet less frequently and operate with less effectiveness. In the Caribbean region only the Parliaments of Guyana, Trinidad and Tobago, and Jamaica are large enough in terms of number of seats to support a well-functioning PAC. This is certainly a common problem shared by other small legislatures

¹ This paper is for discussion purposes only and does not necessarily reflect the views of ParlAmericas.

and not confined to the Caribbean region. Canada's Yukon Territory, for instance, faces similar problems in the operation of its PAC.

To mitigate some of these challenges, several alternatives to the Westminster model of parliamentary oversight can be considered. Some of these alternatives were raised at the 2012 ParlAmericas workshop held in Antigua and Barbuda:

- Replacing the PAC with a body similar to the Accounts Commission of Scotland: The Accounts Commission of Scotland is a body of unelected, apolitical officials with an audit or public sector background brought in to review the audit reports on local government. Interest was expressed in this model at the 2012 workshop, but one participant noted that there might be potential reluctance in giving up constitutional oversight powers.
- Adoption of an advisory audit committee (AAC): An AAC consisting of eminent, appointed, non-partisan officials with an audit or public sector background would examine the AG's reports, have the power to call witnesses, and be able to endorse the AG's report and suggest additional recommendations above and beyond those contained in the report. The PAC would then review the AAC report within a set period of time (e.g., 90 days) and issue a recommendation regarding adoption of the report. If the PAC does not review the report within the set period of time, the report would be deemed adopted.
- Supplementing the PAC with unelected members of the upper chamber or unelected professionals: This ensures that the PAC can attain quorum without the participation of government members, particularly Cabinet ministers who are often too busy or have little incentive to attend. The Public Accounts Committee of the Danish Parliament operates with a combination of parliamentarians and appointed professionals.

The two aforementioned examples of the Accounts Commission of Scotland and the Danish PAC represent working solutions to the problems faced by PACs in small legislatures. They demonstrate effective and realistic solutions to those problems faced by other small legislature PACs in the Caribbean.²

The Accounts Commission for Scotland

The mandate of the Accounts Commission for Scotland is to:

- Secure the audit of all accounts of local authorities and associated bodies
- Consider reports made by the Controller of Audit on matters arising from these audits
- Investigate all matters raised
- Conduct hearings where appropriate
- Undertake and promote performance audits, which examine value for money issues across the bodies for which it is responsible

² The text on pages 1 and 2 above are borrowed ParlAmericas publication entitled Strengthening Parliamentary Oversight in the Caribbean: A Roadmap for Developing and Implementing Initiatives in the Caribbean, pp. 13-16. Note that references to the Danish PAC have been added.

The Commission consists of between six and no more than 12 members who are appointed by Scottish ministers, following an open recruitment under public appointments procedures. Ministers also appoint one of the members to chair the Commission and one to be deputy chair. Before making appointments, the Ministers must consult associations of local authorities and other organisations and individuals as appropriate.

Members of the Accounts Commission serve terms that are determined at the time of their appointment but which vary in length. They typically serve terms of approximately 4 years. Appointments are staggered to limit turnover in any given year. Current members range in background and include former members of local government, senior civil servants, health officials, education officials, and a retired military officer.

The Accounts Commission meets approximately 12 times per year and its members are compensated on a part-time basis.

The Public Accounts Committee of the Danish Parliament

According to the Danish Constitution, Parliament appoints the members of the PAC to carry out the audit of the Danish public accounts. The PAC's mandate is to ensure that public funds are spent in accordance with the decisions of Parliament and that the funds are managed as efficiently as possible.

The Danish PAC is made up of between 4 and 6 members (currently 6) who are appointed every 4 years by Parliament. Members may be reappointed at the end of a 4-year term. Members may be but are not necessarily members of Parliament. Both members of Parliament and non-elected professionals are nominated by Danish political parties in Parliament for appointment to the PAC. Parliament also appoints a Chair and Vice-Chair.

Denmark's PAC meets approximately on a monthly basis and members are compensated on a part-time basis, in this case one half the annual salary of a Member of Parliament. The present PAC consists of two Members of Parliament, an accountant, a military officer, and business development director and an executive.

The following chart compares key aspects of the two examples mentioned above:

	Accounts Committee for Scotland	Danish Public Accounts Committee
Jurisdiction	Scottish local government	Danish national government
Committee membership	Non-elected professionals.	Both members of the legislature and non-elected officials can sit on the PAC
How are the committee members selected?	-Members are appointed by Scottish Ministers after an open recruitment under public appointments procedures	Members are elected by Parliament at the beginning of the legislative session and are nominated by political parties.

	-Local authorities and other organisations are consulted, as appropriate, prior to the appointment	
Length of tenure	Varying terms but tenure of approximately 4 years is set at time of appointment.	Every 4 years
Committee size	Between 6-12 members	Between 4-6 members
Regularity of meetings	Approximately monthly	Monthly
Compensation	Chair – approximately 66,000 USD/year Regular member – 10, 250 USD/year Compensation is for part-time employment	Members are paid half the annual salary of a Member of Parliament and can receive a pension after 8 years

Key Considerations

Whatever form a revised oversight regime takes, there are several key considerations that should be taken into account:

- Jurisdictions may be resistant to deferring or delegating any oversight responsibilities to unelected bodies or officials. Buy-in from key elected officials will likely be necessary;
- There could be potential legal and constitutional changes required for countries where the role of the PAC is entrenched in law or in the constitution; and
- Where an unelected body is created to perform the oversight role of the PAC, it will be important to consider developing an appointment mechanism to ensure that appointments are based exclusively on merit and that appointees function independent of political interference.