



# ParlAmericas

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## **Strengthening Parliamentary Budget Oversight in the Caribbean (Phase 2)**

**Port of Spain, Trinidad and Tobago  
5-6 February 2014**



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This publication received financial support from the Government of Canada, through the Department of Foreign Affairs, Trade and Development (DFATD).



Foreign Affairs, Trade and  
Development Canada

Affaires étrangères, Commerce  
et Développement Canada

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## Background

ParlAmericas is an independent network committed to promoting parliamentary participation in the inter-American system and to developing Inter-Parliamentary dialogue on issues of importance to the hemisphere. ParlAmericas seeks to encourage the sharing of experiences and best practices amongst its members. It works to strengthen the role of legislatures in democratic development while promoting harmonization of legislation and hemispheric integration as instruments of sustainable and harmonious development in the region. ParlAmericas is composed of the national legislatures of governments that are members of the Organization of American States (OAS).

ParlAmericas hosted Phase 2 of the “Strengthening Parliamentary Budget Oversight in the Caribbean” workshop from February 5 to 6, 2014, in Port of Spain, Trinidad and Tobago. The workshop was attended by parliamentarians and heads of Supreme Audit Institutions (SAIs)<sup>1</sup> from the Caribbean region. The workshop aimed to build on discussions related to the strengthening of parliamentary oversight mechanisms and other key issues of concern to Public Accounts Committees (PACs) that took place in Saint John’s, Antigua and Barbuda, from January 30 to 31, 2012. The 2014 workshop also included two practical sessions designed to increase specific skills.

### Phase 1: Antigua and Barbuda, January 30–31, 2012

ParlAmericas hosted a two-day workshop from January 30 to 31, 2012, in Saint John’s, Antigua and Barbuda, for parliamentarians and SAI heads from the Caribbean region.

The workshop had three objectives:

- To discuss the key issues that Caribbean Public Accounts Committees and Supreme Audit Institutions are facing
- To identify the unique challenges facing these PACs and SAIs
- To identify and share the strategies, best practices, and recommendations that these PACs and SAIs could pursue to overcome these challenges.

The five main themes that emerged from the 2012 workshop highlighted the need to:

- Strengthen cooperation between PACs and SAIs
- Capture leading PAC practices in the Caribbean
- Reform small parliaments, where PACs are generally inactive or dormant
- Have SAIs provide parliaments and their PACs with value-for-money (VFM) audits
- Strengthen the independence of the SAIs.

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<sup>1</sup> Supreme Audit Institutions is a generic term for national-level external audit offices. Most of the SAI heads in the region are referred to as either Auditors Generals or Directors of Audit.

The recommendations from the 2012 workshop were drawn on to produce the publication *Strengthening Parliamentary Oversight in the Caribbean: A Roadmap for Developing and Implementing Initiatives in the Region*.<sup>2</sup> The document outlined priority areas in which parliamentary oversight can be strengthened through the work of parliamentarians in general, PACs specifically, and SAIs.

## Phase 2: Trinidad and Tobago, February 5–6, 2014

### Location

The workshop was held at the Hilton hotel in Port of Spain, Trinidad and Tobago.

### Facilitator

Geoff Dubrow was the facilitator of the workshop. Mr. Dubrow specializes in assessing and training parliamentary oversight committees, particularly budgetary oversight committees in Canada, the Caribbean, and Africa, as well as strengthening cooperation between PACs and SAIs. Mr. Dubrow also facilitated the 2012 workshop in Antigua and Barbuda.

### Advisory Group

An advisory group, comprising parliamentarians and SAI heads from the Caribbean, was established to advise ParlAmericas on the formulation of the agenda for the 2014 workshop. The members of the advisory group are listed in Annex 6.

### Media Coverage

The workshop was covered by a variety of media sources from Belize, Jamaica, and Suriname. Ongoing coverage was also provided on the ParlAmericas Facebook and Twitter feeds. Links to media coverage can be found in Annex 3.

### Participants

Twenty-five parliamentarians representing 11 Caribbean countries and one territory participated in the workshop, in addition to SAI heads from six countries. Parliamentarians from the following countries attended the workshop:

- The Bahamas (1)
- Barbados (1)
- Belize (2)
- Bermuda (territory) (2)
- Dominica (1)
- Grenada (2)
- Guyana (3)
- Jamaica (3)
- Saint Lucia (1)
- Saint Vincent and the Grenadines (2)

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<sup>2</sup> This document is available online at:

[http://www.parlAmericas.org/uploads/documents/Caribbean\\_Publication\\_web.pdf](http://www.parlAmericas.org/uploads/documents/Caribbean_Publication_web.pdf)

- Suriname (3)
- Trinidad and Tobago (4)

SAI heads from the following countries were also in attendance:

- The Bahamas
- Belize
- Dominica
- Guyana
- Suriname
- Trinidad and Tobago

In addition, representatives of the following organizations and legislatures attended the workshop:

- GOPAC Caribbean Chapter
- Parliament of Trinidad and Tobago
- The World Bank



# Overview of Sessions

## Budgetary Oversight: An Introduction

***Hon. Carl Greenidge, Member of Parliament, Chair of the Public Accounts Committee, Guyana***

Mr. Greenidge opened his remarks by outlining three key roles of parliament: to pass legislation, to scrutinize the budget prior to its adoption, and to oversee budgetary spending. Budget approval involves review of budgetary estimates. Noting that the structure of most parliaments in the Caribbean is derived from the British parliamentary system, he explained that legislatures in parliamentary systems tend to play a less significant role in scrutinizing the budget prior to its adoption (i.e., *ex-ante*) than



*Carl Greenidge (Guyana)*

legislatures in presidential systems. This is due in part to the fact that in parliamentary systems, the budget is introduced in parliament by the government. Defeat of the budget (and in some cases the estimates) is a confidence vote, meaning an election must be called if the government loses a vote on those issues. This reduces incentives to amend the budgetary estimates.

Conversely, legislatures in parliamentary systems tend to spend more time conducting *post-facto* budgetary oversight than their counterparts in presidential systems. *Post-facto* oversight is exercised by having a parliamentary committee – generally known as the PAC – review the financial statements and audit reports of the SAI. SAI reports are discussed later in this report (see discussion of key audit products).

## Challenges and Practices: PACs in Small and Large Parliaments

### Re-visioning PACs in Small Parliaments

Mr. Dubrow provided background information to contextualize key constraints for PACs in small parliaments. These constraints were identified in the last workshop and included:

- Most PACs in smaller parliaments rarely meet.
- Part-time compensation for parliamentarians often leaves little time to focus on PAC duties.
- Inoperative parliamentary committees and an absence of support staff (i.e., clerks, researchers) in the region weaken PAC effectiveness.
- Ministers frequently serve on PACs due to the absence of government “backbenchers.”
- Opposition leaders serve as PAC chairs in some countries.
- Many parliamentarians, particularly from smaller parties, must sit on more than one committee and are overstretched.

### Mitigating Challenges: Small Parliaments

Alternatives to the Westminster-style PAC were discussed at the 2012 workshop in Antigua and Barbuda. In cases where the size of the legislature does not permit the PAC to operate effectively, alternatives identified included:

- Replacing the PAC with an appointed body similar to Scotland’s Public Accounts Commission.
- Adopting an advisory audit committee (AAC) to hold hearings on behalf of the PAC. The AAC would be comprised of prominent experts whose reports would be submitted to the PAC for consideration. Reports would be deemed adopted if not reviewed within a set period of time.
- Supplementing the PAC with members of the senate/upper chamber or other professionals (similar to the Danish PAC).

In terms of pursuing the above-mentioned options, several key considerations for



pursuing an alternative to the PAC<sup>3</sup> were noted in a discussion paper circulated prior to the 2014 workshop:

- Parliaments may resist deferring or delegating any oversight responsibilities to unelected bodies or officials.
- Potential legal and constitutional changes may be required before developing a PAC and entrenching it in the constitution/law.
- It would be necessary to develop an effective appointment mechanism for unelected bodies or officials to ensure appointments are based exclusively on merit and that appointees can function independently of political interference. Where a hybrid PAC brings together elected and unelected/appointed officials, it is important to consider how the two groups relate and interact with each other.

***Hon. Wilfred Abrahams, Senator, Member of the Public Accounts Committee, Barbados; and Hon. Julius Espat, Member of Parliament, Chair of the Public Accounts Committee, Belize***

The presentation by Senator Abrahams focused on challenges facing the current PAC, while the presentation by Mr. Espat focused on efforts to strengthen the PAC through legislation.

***Hon. Senator Wilfred Abrahams, Barbados, Member of the Public Accounts Committee***

Senator Abrahams stated that instead of presenting the written comments he had prepared, he would describe recent events from his country.

The PAC in Barbados was virtually non-functioning before last year. In the 2013 general election, there were allegations of vote-buying and improper awards of contracts, particularly within the last two weeks of the election. Senator Abrahams said there was a complete lack of oversight of statutory corporations and governmental bodies.

Following the election, the opposition leader, who chairs the PAC, chose to investigate these allegations through the PAC.

Parties were summoned to give evidence before the PAC. There were allegations that funds had been transferred to a government corporation without parliamentary approval. No paperwork was found to substantiate whether the transfer was a loan or a grant. Furthermore, there were allegations that contracts were awarded to donors of the government's campaign weeks prior to the election campaign without board approval.

According to the PAC Act of 2006, the PAC has the authority to hold public hearings. Sittings are streamed live. The first hearing about the aforementioned issue received considerable media attention. Several subsequent attempts to hold PAC meetings were adjourned as a result of procedural disagreements between the government and opposition.

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<sup>3</sup> See discussion paper "Re-visioning Public Accounts Committees in Small Parliaments" (Annex 6).

In late January, when the government released its order paper, a repeal of the entire PAC Act was included. As of the date of the ParlAmericas workshop, this bill had not been debated.

Senator Abrahams said that despite the fact that there are independent senators and government/opposition senators on the PAC, decisions are made by simple majority. While the opposition and independent senators can constitute quorum without the need for government members of parliament and senators, the government majority on the committee can vote to adjourn the PAC. It exercised that power as described above. Senator Abrahams believes that constitutional protection should be afforded to the PAC so that the work of the PAC cannot be suspended or disbanded whenever it is convenient for a government to do so.



*Wilfred Abrahams (Barbados), Dorothy Bradley (Auditor General), Julius Espat (Belize)*

**Hon. Julius Espat, Member of Parliament, Chair of the Public Accounts Committee, Belize**

Mr. Espat stated that the PAC is:

*“[A] structure that does not and has not worked since Belize attained its independence in 1981. The sad fact is that in almost 35 years as a sovereign, independent nation, Belize has not had a PAC to provide oversight of government spending. Despite five changes of government ... neither of the two major political parties ... has properly appreciated the critical importance of a working PAC. The PAC cannot discharge its duties because of partisan brinkmanship that still places a premium on short-term political expediency over the national good.”*

He said that as PAC chair, he has been powerless to advance any meaningful review and oversight of the public accounts of Belize. In his opinion, the government has been unwilling to agree on an agenda for the PAC.

He pointed to a motion he introduced in the House of Representatives in 2013 to reform and restructure the PAC, establishing it as a joint committee of the House and Senate. Mr. Espat said that the social partner senators (representing unions, churches, and the business community) supported the legislation he introduced, which was also well-received by the media. The proposal would have changed the current composition of the Public Accounts. It was rejected, however, by a slim majority of government members of the House.

**“** According to Standing Order 74, the Public Accounts Committee shall have the duty of examining, considering and reporting on –  
(a) The accounts showing the appropriation of the sums granted by the National Assembly to meet the public expenditure of the country;  
(b) Such other accounts as may be referred to the Committee by the House or under any Law; and  
(c) The report of the Auditor General on any such accounts. **”**

A new proposal was subsequently put forward: that the PAC comprise four government members, two opposition members, and three social partner senators. According to Mr. Espat, the amendment aims to remove control of the affairs of the committee from any one party grouping, thus enabling it to operate on the basis of compromise and rational decision-making. It also seeks to remove ministers from committee, who cannot “police themselves.”

In the words of Mr. Espat, the inclusion of the three social partner senators as non-state actors is designed to have a “moderating effect on the hyperventilating partisan political culture that is so pervasive in the House and has made compromise a non-existent word in the lexicon of the House.”

## Best Practices of PACs in Large Parliaments

There was a review of some general best practices of PACs. These were divided into five categories:

- Prerequisites for an effective committee
- Constructive partisanship and planning
- Holding an effective hearing
- Bringing about corrective action
- Communicating with the legislature, media, and public

See Annex 1 for more details about recommended best practices for PACs in large parliaments.

***Hon. Colm Imbert, Member of Parliament, Chair of the Public Accounts Committee, Trinidad and Tobago; and Hon. Audley Shaw, Member of Parliament, Chair of the Public Accounts Committee, Jamaica***

These speakers represented countries with functioning PACs.

***Hon. Colm Imbert, Member of Parliament, Chair of the Public Accounts Committee, Trinidad and Tobago***

Mr. Imbert explained that there is a PAC as well as a Public Accounts Enterprises Committee (PAEC) in Trinidad and Tobago. The latter examines wholly-owned state corporations, while the PAC looks at ministries, government departments, and statutory authorities.

*“ In respective order, [the PAC and PAEC] are charged with the responsibility to examine the appropriation accounts of moneys granted by Parliament to meet the public expenditure of Trinidad and Tobago and to examine the audited accounts of all State Enterprises that are owned or controlled by the State. ”*

According to the Constitution, both committees are chaired by opposition members. However, the PAC chair emanates from the House of Representatives, while the PAEC chair emanates from the Senate.

One of the drawbacks of oversight committees all over the world is that they look at accounts (i.e., financial statements) once they have already been submitted.

Mr. Imbert explained that financial statements are often late by several years. When he became PAC chair

following the defeat of his government in the last general election in 2010, he presided over the review of 2006–2008 financial statements for statutory boards. The PAC is now looking at 2012 financial statements, which are based on the new government’s time in office.

On the PAEC, of which he is also a member, Mr. Imbert asked questions regarding state enterprises that did things that could be considered “controversial” when he was in government (prior to 2010). He believes this has established a “culture of free and open questioning” in committee sessions.

Committee composition follows the balance of power. Government therefore has a majority. Mr. Imbert stressed that this challenge to PACs needs to be examined around the world; government ministers on the PAC, who may be “naturally defensive,” can shut down proceedings expedient for them at the moment.<sup>4</sup>

Mr. Imbert said that in his case, he has not experienced much partisanship from the ministers on his committee.



*Colm Imbert (Trinidad and Tobago)*

<sup>4</sup> International best practices suggest that ministers should not be members of the PAC.

Typically, the PAC first meets in-camera to identify areas to be examined and the type of questions they wish to ask. This is followed by a public hearing. Public hearings have been a cause of embarrassment to public entities, but getting government to pay attention to the findings of the PAC and PAEC is not yet a part of the culture, according to Mr. Imbert.

Mr. Imbert stated his desire to reform the PAC system if his party returns to government.

He also noted that members of parliament on committee are part-time, which can impact upon their limited availability. However, attendance has still been very good. He reiterated the importance of making MPs full-time.

Mr. Imbert pointed to some constraints related to the powers of the PAC and PAEC. For example, the latter summons enterprises and asks probing questions of the heads of these enterprises, but he felt that the committee does not always receive answers from witnesses. Committees cannot penalize witnesses for refusing to appear before the committee or not properly answering questions. This needs to be rectified.

Another challenge is that there is no properly defined relationship between the Auditor General (AG) and the PAC/PAEC. Trinidad and Tobago does not have a history and practice of conducting value-for-money (VFM) audits, nor is the mandate to conduct such audits contained in legislation.

***Hon. Audley Shaw, Member of Parliament, Chair of the Public Accounts Committee, Jamaica***

Mr. Shaw explained that his committee had reached a certain level of maturity. He said that members have a keen sense of due diligence and generally manage to keep politics out of the committee. This has been accomplished by focusing on issues related to the efficient management of ministries, departments, and agencies. In the period between the AG releasing a report and the PAC examining it, the departmental

*“The Jamaican PAC is chaired by the opposition spokesperson on finance. It has 13 members: 8 government and 5 opposition.”*

executives find the answers quickly, *“despite having missed the queries in the first place ... because they don’t want to come before [the PAC].”* When issues do reach the PAC, the committee examines executives not as political party members, but rather in terms of the competence of their administration and why the particular issue has arisen.

The mandate of the other oversight committee of Parliament, the Public Appropriations and Administration Committee (PAAC), is to review the budget as it unfolds. This committee became effective after the opposition began to chair the PAAC. According to Mr. Shaw, the work of the PAAC has become so active and vibrant that it causes the work of the PAC to be somewhat more “muted,” due to the additional layer of accountability put in place.

Some of the challenges faced by the PAC in Jamaica are:

- The AG is limited in terms of the number of ministries, departments, and agencies that it can review in any given budget cycle.
- The PAC requires more research support.
- More diligence in reviewing annual reports and audited financial statements is required.
- The PAC has expressed interest in reviewing the reports of the Contractor General (mandated to review the performance of contracts and problems related to the awarding of contracts), whose reports have become “dormant.”

Mr. Shaw also explained that local government PACs have been set up in several local government authorities, known as parishes. Of the 13 local government authorities, five have functioning local PACs. PACs include both local councillors (known as parish councillors) and members of civil society.



*Audley Shaw (Jamaica)*

## ***Plenary Discussion***

Mr. Greenidge opened his comments by reflecting on the direction of the PAC in Guyana, saying that it faces challenges because it does not have sufficient powers. In addition, AG reports are too lengthy.

According to Mr. Greenidge, “Our AG spends most of his time pointing to irregularities, things that have corruption as a basis, a lot of which is not in the competence of MPs to solve. We have a system which fails us in terms of monitoring and fixing problems.”

The Guyana PAC meets weekly, but it is still a “highly politicized event,” as many issues point to corruption, much of which revolves around procurement. Mr. Greenidge pointed to Jamaica’s Contractor General as a position he would like to see created in Guyana.

It was proposed that guidelines should be developed concerning which issues should be brought before the PAC and which should be brought before the courts.

One participant suggested that the opposition should have a majority of members on the PAC. It was explained that committee composition is usually based on the proportion of seats that each party has in the legislature. When the government has a majority in the legislature, it will maintain a majority on the PAC.

Another participant stated that it is vital to educate citizens and media about the value of the PAC and the importance of its operation. It was concluded that running a functional PAC in a “small” legislature is feasible, evidenced by the fact that some small states in other parts of the world have functional PACs. However, education and trust among the public and politicians are necessary preconditions for such success. An increased focus on the efficiency and effectiveness of spending, rather than on politics, is also necessary.

One veteran parliamentarian recalled a PAC meeting held in the first two or three years of his election to parliament. His first election coincided with his party losing government, so his party was now chairing PAC and examining financial statements from its time in office. The government majority was therefore willing to meet. The PAC stopped functioning once AG reports became focused on the new government’s activities.

In one participant’s country, it has been difficult to achieve the best practice of unanimity in writing the PAC report. The current PAC has been more aggressive than usual in reviewing AG reports from the term of the previous government, while the chair tries to avoid emphasis on political implications.

It was generally agreed that political will is the most important element of an effective PAC, and that the PAC and the process of strengthening scrutiny must take into account the role of civil society. Partisan politics must be transcended so as to develop a system of scrutiny that will outlast today’s parliamentarians. Political will in and of itself is insufficient.



A participant explained that in their country, limited resources, overlap of the executive and legislative branches, and the part-time positions of parliamentarians have been major obstacles to the proper functioning of the PAC, despite the commitment of parliamentarians to greater accountability and transparency.

## Cooperation between Supreme Audit Institutions and Parliament

**Hon. Emma Hippolyte, Minister for Commerce, Business Development, Investment and Consumer Affairs, Saint Lucia; and Ms. Sharman Ottley, Auditor General, Trinidad and Tobago and Chair of CAROSAI**

This presentation made reference to the Mexico Declaration on SAI Independence, passed at the XIX Congress of the International Organization of Supreme Audit



*Emma Hippolyte (Saint Lucia), Trevor Williams (Guyana), Jaipaul Sharma (Guyana)*

Institutions (INTOSAI) meeting in 2007. It was mentioned that while the Lima Declaration of 1977 contains a comprehensive list of all goals and issues related to government auditing, the Mexico Declaration set up eight core principles considered ideal for an independent SAI or national audit office. These principles are outlined in Annex 5.

In order to gauge the extent of progress made in the region regarding each of these principles, Ms. Ottley distributed a survey to CAROSAI members. Responses were received from six member countries: Barbados, Bermuda, the Cayman Islands, Grenada, Guyana, and Trinidad and Tobago. Ms. Ottley then identified some of the main challenges faced by respondents. These included:

- 
- The lengthy and complex procedures involved in effecting legislative change, as well as the high level of coordination required with other bodies to ensure change



*Sharman Maria Ottley (Auditor General)*

could be successfully implemented.

- Delays in reform and the need for commitment from the present administration (i.e., the government of the day).
- Political will to provide the SAI with true financial independence.
- Work permit issues, if the Auditor General is an expatriate.
- Dangers associated with carrying out forensic audits.
- Auditees' reluctance to comply with requests for information and records.
- Limited SAI resources.
- Lengthy centralized administrative procedures that delay the appointment of senior SAI staff.
- Cases of micromanagement by the PAC.

## Key Audit Products—Value-for-Money Audits

### **Mr. Deodat Sharma, Auditor General, Guyana**

Mr. Sharma explained that there is no single definition of value-for-money (VFM) auditing, often referred to as “performance auditing.” One definition is that it is “*an independent, objective, and reliable examination of whether government undertakings, programs, systems, activities, or organizations are performing in accordance with the principles of economy, efficiency, and effectiveness.*” It is meant to ascertain how well the government is managing its activities, responsibilities, and public resources.<sup>5</sup> See Annex 2 for descriptions of each of the “four Es.”

Mr. Sharma then identified examples of VFM audit approaches, which included:

#### **Systems (Process)-Oriented Approach**

- Are systems and controls in place to manage risks?
- Are systems and controls operating effectively?
- Are desired results being monitored?

#### **Results-Oriented Approach**

- What are the results?
- Are they the desired results?
- If not, systems and controls are examined to determine the cause.

#### **Compliance-Oriented Approach**

- Has an entity complied with specified authorities/requirements, or were its transactions carried out in compliance with specified authorities?

Several examples of criteria for audit selection were also provided. A few of these were:

- High level of public interest
- Level of funding
- Social and environmental impact

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<sup>5</sup> Source: CCAF-FCVI Inc. Performance Audit Training

- Value in terms of public education
- Ability to affect positive change to financial reporting or government administration
- Internally-identified areas for auditing

## Compliance Audits

“ Deals with the degree to which the audited entity follows rules, laws and regulation, policies, established codes, or agreed upon terms and conditions, etc. Compliance auditing may cover a wide range of subject matters. In general, the purpose of a compliance audit is to provide assurance to intended users about the outcome of the evaluation or measurement of a subject matter against suitable criteria.

”

International Organization of Supreme Audit Institutions (INTOSAI).  
 Compliance Audit Guidelines: ISSAI  
[http://www.issai.org/MEDIA/13513/COMPLIAN  
 CE\\_AUDIT\\_GUIDELINES\\_E.PDF](http://www.issai.org/MEDIA/13513/COMPLIAN_CE_AUDIT_GUIDELINES_E.PDF)

Mr. Dubrow explained that in his experience, hearings on compliance audits can be frustrating for oversight committee members and less likely to yield systemic change. He said that these types of audits can be tedious and repetitive for committee members (findings can be similar for each department), and they are often time-consuming, causing significant backlogs. He went on to say that many oversight committees are gradually moving away from holding hearings on individual transactions and are increasingly focused on systemic issues – such as controls, performance, results, and outcomes – with the aim of finding solutions to larger problems, rather than forcing an individual to take action on an individual transaction. This requires a different approach to committee hearings, in which planning is essential. Questions that must be addressed include: “*What do we want to accomplish?*” and “*What type of change are we trying to bring about?*”

## Breakout Groups

### Workshop A (February 5)

#### “Large” Parliaments: Strengthening Existing Practices, Completion of Self-Assessment, and Development of Go-Forward Plan

This workshop was intended primarily for PAC members and SAI heads of larger parliaments in the region, with operational PACs. The purpose of this workshop was to provide an opportunity for the PAC members to self-assess the performance of their



*Deodat Sharma (Auditor General)*

PAC, share experiences, and identify opportunities to strengthen their PACs.

The rapporteur, **Hon. Hugh Buchanan, Member of Parliament of Jamaica**, explained the approach taken by this workshop's group. The group was first split into three subgroups, each of which answered questions before coming back together to discuss their findings. Questions from the self-assessment were identified as challenges or strengths. In three instances, the group did not reach a consensus.

Participants reached consensus on the fact that their PACs demonstrated the following **strengths**:

- *The ability to conduct business with minimal government interference.* The rapporteur, Mr. Buchanan, believed this is largely owed to having an opposition member as the chair of the PAC.



*Hugh Buchanan (Jamaica)*

- *The work of the PAC chair to maintain minimal partisanship.*
- *A satisfactory extent of AG participation in PAC hearings.* AGs were able to communicate their findings fully, and they were able to adequately respond to questions posed by members.
- *Satisfaction with the extent to which PAC questions address what went wrong rather than “blaming and shaming” witnesses.*

Consensus was reached that the following were **challenges** for the effectiveness of PAC in participants’ countries:

- *The lack of systematic assessment by PACs of the findings from compliance audits (i.e., looking at the big picture rather than individual transactions).*
- *Satisfaction with the number of performance/VFM audits tabled by the AG.* Each country indicated that they would have liked to see more VFM audits conducted.
- *The frankness and clarity of responses by government witnesses in PAC hearings.* Mr. Buchanan explained that, in his experience, representatives come before the PAC unprepared and seem surprised at many of the questions they are asked.
- *The degree to which departments and agencies take appropriate corrective action to implement AG and PAC recommendations.*
- *Public awareness of the PAC’s work and its value.* Mr. Buchanan stated that Jamaica has a parliamentary broadcasting channel but only about 30% of the population is tuning in. Others are unaware.

### ***Plenary Discussion***

In parliaments where the PAC has attained a level of maturity and has existed for some time, the chair has been able to function with minimal partisanship. For new PACs, this remains a challenge. In Australia, the PAC took more than 20 years to function properly. Participants believed that Caribbean countries can achieve this as well if they are steadfast moving forward.

## **Workshop B (February 5)**

### **“Small” Parliaments: Re-visioning PACs**

This workshop was intended primarily for the members and SAI heads in countries with “small” parliaments to express their views on the position paper circulated to participants on how to activate or develop alternatives to the PAC. This paper can be found in Annex 4. Each subgroup in this workshop examined considerations that would need to be taken into account if the recommendations for re-visioning the PAC were implemented and identified possible solutions.

The rapporteur, ***Hon. Cheryl Bazard, Senator of The Bahamas***, summarized the breakout group responses to three questions posed:

- Can the PAC work?

- How realistic are the alternatives?
- What are the key considerations that must be taken into account if one of the alternatives is to be adopted?

Senator Bazard addressed some of the issues facing parliamentarians and SAI heads of countries with “small” parliaments. Public awareness was deemed crucial, and the group put forward several suggestions to improve this aspect of the PAC’s functioning. The group found it important to make the public aware of the PAC’s work and of its value. Members felt that this can be accomplished most effectively through the use of online media (for example, maintaining a PAC website with an associated Facebook page).

The group also identified the need for a constant push on the part of opposition parties to make the PAC relevant. Too often, Senator Bazard explained, opposition parties promote and emphasize PAC agendas only to be completely forgotten once the party is elected into government.

Next, Senator Bazard said that allies in civil society can contribute to public education. For instance, certain NGOs and international advocates can be asked to link to PAC news on their websites, highlighting the benefits and savings brought about by the committee’s work.

Finally, PACs should have a media arm to push their message and highlight their importance. Often, new parliamentarians in the Caribbean are elected without being made aware of the PAC and its key functions.

In addressing the second question of how realistic PAC alternatives would be, the group expressed concerns regarding the Scottish and Danish models, particularly that the presence of non-elected officials waters down the power of elected officials. They further asserted that it would be difficult to find an apolitical member for a PAC in the Caribbean. Most of the group felt that having independent senators sit on the PAC would be the most viable option. Independent senators are generally appointed by the president or governor general at her or his discretion, rather than on the “advice” of the prime minister or opposition leader. Indeed, several of the countries represented in the group already have independent senators as members of their PAC, including Barbados, Belize, and Trinidad and Tobago.

Two other suggestions were made for cases where it is not possible to appoint independent senators to the PAC. The first was to appoint a regional oversight body to review SAI reports, with findings sent to the country-level PAC for review. It was agreed that a regional parliamentary body such as the Organization of Eastern Caribbean States (OECS) could play this role. The second suggestion was to appoint independent accountants, lawyers, and businesspeople to the body to bring independence to the PAC’s work.

Finally, the group agreed that the PAC *can* work. The key ingredient to ensuring a successful PAC is political will. This is often undermined by ministerial dominance. Often, attempts are made to convene PAC only after a contentious political issue arises.



Regular meetings can help PACs avoid this outcome. The SAI should support PAC, publicizing its work and providing technical assistance. The group believed that additional compensation for PAC members would also be beneficial.

Despite an understanding of the challenges undermining the smooth operation of PACs, the “small” parliaments breakout group was optimistic about the potential of PACs in their countries and saw considerable political will within the group, among opposition and government members alike. Senator Bazard concluded by saying that the success of PACs in small parliaments is dependent on ethics, compliance, and good corporate governance.

### ***Plenary Discussion***

In response to the idea that PACs be supplemented with unelected officials, participants



***Cheryl Bazard (The Bahamas), Terrance Bastian (Auditor General)***

concluded that appointing independent senators was the only tenable solution, as most Caribbean constitutions require that the PAC be comprised of parliamentarians. The idea of establishing a regional oversight body through the OECS was further considered. Such a body could review audit reports of its member countries before passing them on to national parliaments for review.

Regarding such a regional oversight body, participants expressed concern about how politically palatable it would be for one country to examine the public administration of another. However, it was explained that a regional oversight body would not replace the PAC, but rather supplement its work. As Caribbean countries grow more interdependent economically and politically, setting common standards of transparency and accountability could prove useful. Just as the PAC is the audit committee of the legislature, the OECS Parliamentary Assembly could have an audit committee to look at spending among member states.

A regional approach could provide a sorely needed platform for education and public discussion. One parliamentarian expressed the desire to continue exploring the prospect of an OECS oversight body following the workshop. The missing link thus far has been to etch parliamentary oversight and related initiatives into the regional structure of governance (i.e., CARICOM and OECS).

Some workshop participants had attended a regional meeting of the Global Organization of Parliamentarians Against Corruption (GOPAC) on anti-money laundering, which produced conclusions, recommendations, anti-corruption booklets, and media ads. Such resources – in addition to the workshop’s materials and best practices published by international bodies on corruption, fraud, transparency, accountability, and oversight – could provide strong support for achieving real change in the Caribbean.

The workshop was applauded for its search for solutions through the gathering of SAI heads as well as government and opposition parliamentarians. For the continued development of PACs in small parliaments, it was suggested that members of these PACs attend a meeting of one of the functioning PACs in the region; they would then get a sense of how such PACs should operate.

## Workshop A (February 6)

### Working with Key Audit Products

This was a hands-on workshop designed to strengthen the effective questioning skills of PAC members and to provide SAI representatives with a perspective on how to prepare suggested questions for their PACs. Private sector audit committee practices were also briefly addressed.

In one of the exercises, parliamentarians identified the type of questions that should be

posed by PAC members to SAI heads or to departmental accounting officers.<sup>6</sup>

For example, if a contract was awarded without a tendering process, SAI representatives could ask the Accounting Officer:

- Why did this occur?
- How many other instances like this are you aware of in your department/municipal authority?
- How systemic a problem do you think this is?
- What is being done to ensure it will not happen again?
  - Last year, you stated that this would not happen again. What further action are you taking to ensure that this will not be a problem in the future?
  - Why do you think this continues to occur?

In the same situation, questions for the AG would include:

- How many other instances did you find of procurement vouchers not being signed in the department/municipal authority?
- Are your findings confined to one department or local administration, or does this occur across government?
- Is there a central agency that is responsible for helping control this? Why did this “fall through the cracks”?

In terms of finding a solution, a few questions must be considered so that similar problems do not arise in the future:

- How can internal controls be strengthened?
- What deterrents and incentives need to be in place?
- What legal changes are required?
- What retraining is required for civil servants?
- What additional powers does the AG need?

The rapporteur, ***Hon. Trevor Williams, Member of Parliament of Guyana***, summarized the discussion. He explained that the group varied widely in how they actually prepare for PAC hearings. Mr. Williams asserted the importance of asking the right questions at hearings. He explained that, to get the most out of a hearing, it is important to know about the systemic problems and demand proof that corrective action has been taken. Remedies can include replacing or training staff, hands on supervision, and providing a concrete timeline for remedies to be implemented.

## Workshop B (February 6)

### Key Audit Products—Value-for-Money (VFM) Audits

This hands-on workshop was designed to introduce VFM auditing to smaller parliaments as well as discuss the importance of releasing financial statements on a

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<sup>6</sup> This exercise was adapted from the CCAF’s Effective Questioning Workshop for PACs.

timely basis. In it, **Mr. Cyril Barran from the AG's Department in Trinidad and Tobago** gave a presentation.

Questions for discussion included which SAIs have a VFM audit mandate. Participants from three countries replied in the affirmative, while the remaining four were unsure if their SAI has a VFM audit mandate.

After it was noted that both SAIs and PACs are dependent on the government's timely production of financial statements, participants discussed the factors that contribute to an entity (such as a department, agency or state enterprise) meeting its specific and government-wide financial statement responsibilities.<sup>7</sup> The factors include:

- *Demonstrating ownership and commitment*, characterized by chief executive/board and senior management support and effective financial management and oversight arrangements
- *Maintaining robust risk management practices and internal controls*, characterized by the timely and comprehensive identification and assessment of risks and robust controls to prevent, detect and/or mitigate risks of misstatement
- *Adopting good financial reporting practices throughout the year*, characterized by the preparation of regular accrual financial reports throughout the year
- *Establishing open and constructive relationships between key stakeholders*, characterized by open and constructive relationships between all the parties involved
- *Managing staff and other resources effectively*, characterized by sufficient and appropriately-qualified and trained staff and contractors ..., together with clearly defined roles and responsibilities
- *Meeting whole-of-government responsibilities*, characterized by the provision (by departments) of accurate and timely information to the Ministry of Finance.

Participants reviewed a **better practice checklist for demonstrating ownership and commitment for the production of timely financial statements**. The seven criteria are listed below, as are country responses. Seven countries participated in the exercise.

Criteria	Response by Country	
	Yes	No / Don't know
Strong financial management culture well-established across organization	1	6
Ongoing commitment and support by management for effective financial controls, and improvements in related work practices encouraged	5	2
Benefits of producing reliable and timely financial statements well understood by management and staff	7	0

<sup>7</sup> Australian National Audit Office. *Preparation of Financial Statements by Public Sector Entities*. June 2009, pp. 22 & 25. Available at: [http://www.anao.gov.au/uploads/documents/ANAO\\_FinStat\\_BPG.pdf](http://www.anao.gov.au/uploads/documents/ANAO_FinStat_BPG.pdf)

Appropriate accountability arrangements, such as management sign-offs and individual performance reviews	0	7
Robust arrangements established and maintained for the approval, review and oversight of financial management strategies and activities	4	3
CFO has required skills, qualifications, and experience, as well as necessary authority to carry out responsibilities	5	2
Strategy/plan has been developed that guides financial statement preparation	7	0

The rapporteur, **Mr. Terrance Bastien, Auditor General of the Bahamas**, presented the breakout group’s findings and conclusions. In response to the question of why it is important to have timely financial statements, Mr. Bastien cited an example from the Bahamas. A financial audit revealed that one MP received \$1 million in one month. If audit checks are not conducted regularly, Mr. Bastien explained, deficiencies cannot be detected on a timely basis. He went on to report that:

- In all countries, the benefits of producing reliable and timely statements are well understood by management staff.
- Only one country reported having a strong financial management culture established across its government.
- Most of the participants reported ongoing commitment and support by management for effective financial controls; however, they wondered how much is really being done.
- Only one participant cited the existence of robust arrangements established and maintained for approval, review, and oversight of financial management strategies and activities in their country.
- The group was divided about the question of whether appropriate accountability arrangements, such as management “sign off” on individual performance reviews, are in place. Four of the six countries responded “yes” and three were unsure.
- All participants felt that their respective treasurers have the required skills, qualifications, and experience, as well as necessary authority to carry out their responsibilities. They questioned, however, whether the rules and regulations would be followed.
- Finally, none of the participating countries reported that their PAC reviews VFM audits.

## Evaluation and Contribution of Workshop to Strengthening Parliamentary Oversight in the Caribbean

Twenty-six participants completed the evaluation form. The general level of the event was regarded as “high” or “very high” by 96.15% of the respondents. Around nine out of 10 marked “high” or “very high” when asked about the appropriateness of time

distribution; the competence of experts and effectiveness of their presentations; and the extent to which this event increased inter-parliamentary dialogue. The quality of materials received was rated as “medium” by almost 20% of those who completed the evaluation.

At least seven out of 10 respondents felt that this event helped them increase one or more of the following: their ability to perform better as a parliamentarian; their awareness of key regional priority issues; their hemispheric connections; their knowledge and skills related to overseeing the executive branch; their knowledge of parliamentary issues; and their representative skills.

The topic of VFM audits received a high degree of interest from respondents. The interaction between parliament and PACs/SAs was also mentioned.



*George Vincent (Grenada), Henk Ramnandanlal (Suriname), Cheryl Bazard (The Bahamas), Terrance Bastian (Auditor General), Emma Hippolyte (Saint Lucia)*

## Participant Comments

During the last session of Day 2, participants were asked to break into their country groups (a group was formed to include countries that only had one representative) and answer two questions:

### **1. What is a key action item that you will take back to your country to work on?**

The answers were as follows:

- Will work on building excellent relationships with the SAI, as well as other members of PAC and the press; and will get the PAC functioning within the next month.
- Will try to continue pushing in parliament for the appointment of a PAC.
- Will engage SAI heads and create an environment to change political will.
- Will promote public education; distribute a press release; provide a report on the workshop at the next sitting of parliament; call a meeting with the PAC chair and AG to activate the PAC.
- Will raise public awareness as a key priority; improve governance; discourage colleagues from seeing these processes as a political contest.
- Will institutionalize the PAC in an act; broaden and strengthen the role of the AG to include VFM audit.
- Will examine the efficacy of the Contractor General's Department in Jamaica.
- Will encourage the PAC to have regular and public meetings; develop a press release to educate the public; write an article from the AG's desk on a quarterly basis on accountability and transparency as well as the relationship between PAC and AG.
- Will educate/inform the public on the importance of PACs and effective oversight.
- Will build cooperation between the PAC and AG's office.
- Will become an active member of the PAC; conduct more VFM audits.
- Will assess the current hurdles limiting the effective functioning of the PAC and remove them to enable the PAC to become and remain active.

### **2. What is a key message for the donor community related to PAC and SAI strengthening that you will relate to the donor community back in your country?**

The answers were as follows:

- It would be good to hold such workshops on a regular basis to evaluate how we are progressing in our efforts to improve budgetary oversight – maybe every two years.
- Support for producing VFM audits is required.
- Support is needed to have politicians get on board and change the climate as well as to engage the PAC and SAI.

- Seminars and workshops are a fantastic way to bring together government, opposition, and technical advisors to create an atmosphere for creative thinking that can improve the situation at home.
- Donors can put pressure on countries to do what's right –they carry a lot of weight.
- Funding and resources need to be provided to parliaments and parliamentarians, to support PAC; this includes training and technical support and the work of ParlAmericas.
- Support is needed to draft an audit act that can serve as a reference for all OECS countries. It would also be prudent to consider a transparency rating to get parliaments and parliamentarians to take notice.
- There is a need to train new parliamentarians.
- There is a need for support of both PACs and SAIs, particularly in the areas of public education and awareness. This includes providing support to parliamentarians.



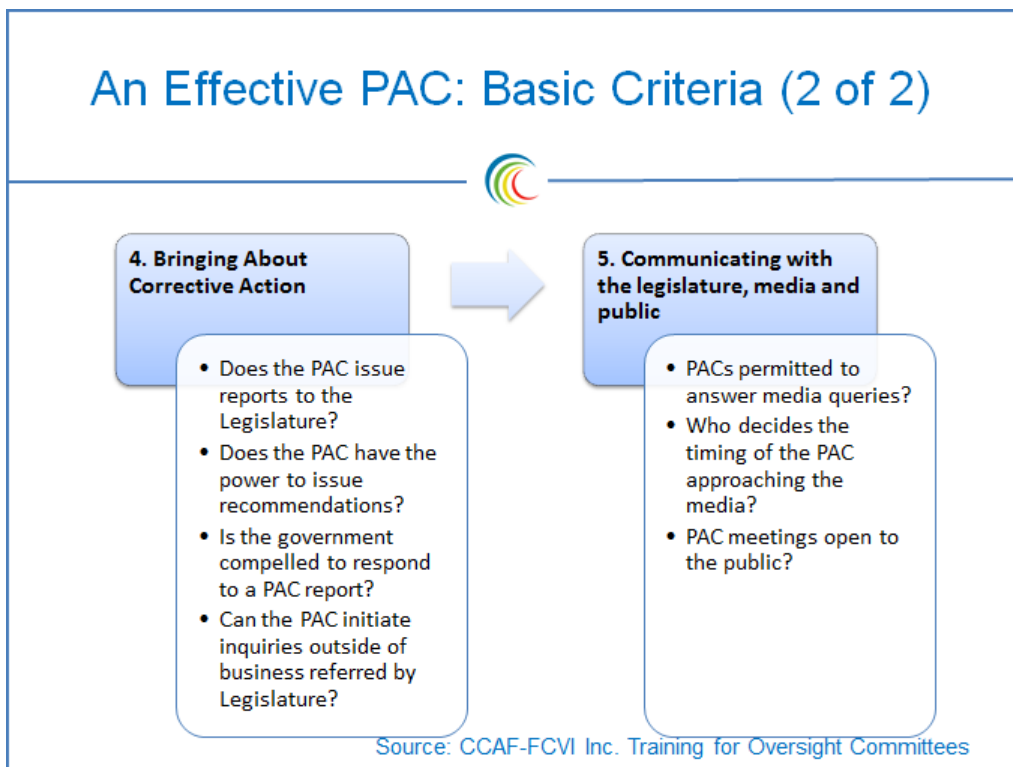
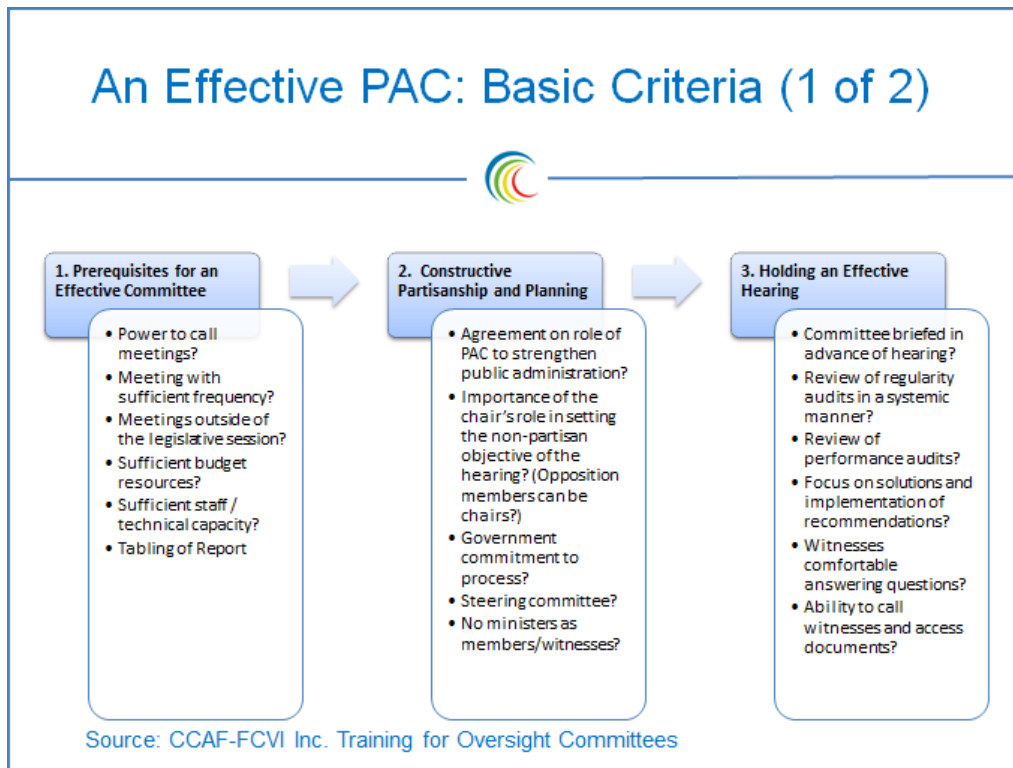
## Recommendations

Based on the findings of this workshop, ParlAmericas should revise the recommendations formulated immediately following the 2012 ParlAmericas workshop (see Annex 8). Once revised, ParlAmericas should engage the regional oversight advisory group to review the updated findings and identify priority areas for implementation. The revised recommendations should include the following key issues raised by participants at the 2014 workshop:

- 1** In small parliaments, the inclusion of independent senators on the PAC should be examined.
- 2** Further consideration should be given to forming a regional oversight body, housed by an existing regional parliamentary body such as the OECS. Terms of reference will need to be drafted and the relationship between the regional oversight body and the country-level PACs would need to be established. Political support will need to be developed as well.
- 3** Resources should be allocated towards working with country-level governments to ensure the production of timely financial statements.
- 4** ParlAmericas should engage the advisory group established at the 2014 workshop to coordinate communication between parliamentarians and donors, in order to relay the priorities outlined in the point above, and to emphasize the need for funding to support PACs and PAC-SAI cooperation.
- 5** Participant feedback at the workshop indicated the desire for more practical hands on training on budgetary oversight for parliamentarians. This should include understanding financial statements and performance audit reports, as well as effective questioning techniques for seeking clarification on these reports.

# Annexes

## Annex 1: An Effective PAC: Basic Criteria



## Annex 2: Value-for-Money/Performance Auditing<sup>8</sup>

According to the Office of the Auditor General of Canada (OAG), performance audits examine governments' *“management practices, controls, and reporting systems with a focus on results. They seek to determine whether government programs are being managed with due regard for economy, efficiency, and environmental impact, and whether there are measures in place to determine their effectiveness. The ‘client’ for performance audits is Parliament.”*

In order to bring about corrective action, the OAG states that performance audits should *“make recommendations to management, when appropriate, to deal with significant variances between a criterion (or criteria) and performance; and follow up on the recommendations.”*<sup>9</sup>

### The Four E's of Performance Audit:

#### Economy

- Keeping the costs low.
- Minimizing the cost of resources used for an activity, while maintaining regard for appropriate quality.
- Audits of economy may provide answers to questions such as:
  - Do the means chosen or the equipment obtained (the inputs) represent the most economical use of public funds?
  - Have the human, financial, or material resources been used economically?
  - Are the management activities performed in accordance with sound administrative principles and good management policies?

#### Efficiency

- Whether resources have been put to optimal or satisfactory use.
- Whether the same or similar results in terms of quality and turn-around time could have been achieved with fewer resources.
- Auditing efficiency embraces aspects such as whether:
  - Human, financial, and other resources are efficiently used;
  - Government programs, entities, and activities are efficiently managed, regulated, organized, executed, monitored, and evaluated;
  - Activities in government entities are consistent with stipulated objectives and requirements;
  - Public services are of good quality, client-oriented, and delivered on time; and
  - The objectives of government programs are reached cost effectively.

#### Effectiveness

- The extent to which a program or entity is achieving its goals and objectives.
- In auditing effectiveness, performance auditing may assess:
  - Whether government programs have been effectively prepared and designed

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<sup>8</sup> Information provided by CCAF-FCVI Inc.

<sup>9</sup> Source: <http://www.oag-bvg.gc.ca/internet/methodology/performance-audit/manual/100.shtm>

- and whether they are clear and consistent;
- Whether the objectives and the means provided (legal, financial, etc.) for a new or ongoing government program are proper, consistent, suitable, or relevant;
- The effectiveness of the organizational structure, decision-making process, and management system for program implementation.

#### Environment

- Has money been spent with due regard to the effects on the environment?<sup>10</sup>



*Working photo*

<sup>10</sup> More information about environmental audits can be found at:  
[http://www.oag-bvg.gc.ca/internet/English/meth\\_lp\\_e\\_19275.html#50409500\\_pgflD-1023141](http://www.oag-bvg.gc.ca/internet/English/meth_lp_e_19275.html#50409500_pgflD-1023141)

## Annex 3: Media Coverage

### Online Articles and Video:

#### 3 February 2014

“ParlAmericas to Host Follow-up Workshop on Parliamentary Budget Oversight in the Caribbean” (ParlAmericas)

<http://www.parlamericas.org/uploads/documents/Workshop-7-Press-Release-opening.pdf>

#### 4 February 2014

“Julius Espat takes lobby for PAC reform to hemispheric organization, ParlAmericas” *Amandala* (Belize)

<http://amandala.com.bz/news/julius-espat-takes-lobby-pac-reform-hemispheric-organization-parlamericas/>

#### 5 February 2014

“PAC Chairman, Hon. Julius Espat, attends Hemispheric PAC conference”

*Plus TV* (Belize)

<http://www.plustvbelize.com/news/pac-chairman-hon-julius-espat-attends-hemispheric-pac-conference/>

Video: <http://www.youtube.com/watch?v=nzp8vTyB1cM>

“Shaw addresses Trinidad conference on parliamentary oversight – Cites the need for additional resources for the Auditor General and the PAC in Jamaica”

#### 6 February 2014

“Caribische landen willen versterking begrotingsproces”

*Star Nieuws* (Suriname)

<http://www.starnieuws.com/index.php/welcome/index/nieuwsitem/21549>

“Shaw wants PAC to examine contractor general reports”

*The Gleaner* (Jamaica)

<http://jamaica-gleaner.com/gleaner/20140206/lead/lead3.html>

“Hugh Buchanan attends PARLAMERICAS meeting in T&T”

*OG.NR* (Jamaica)

<http://www.og.nr/rbt/21954-hugh-buchanan-attends-parlamericas-meeting-in-t-t.html>

#### 10 February 2014

“MPs show scant regard for committee meetings”

*Observer* (Jamaica)

[http://www.jamaicaobserver.com/news/MPs-show-scant-regard-for-committee-meetings\\_15984078](http://www.jamaicaobserver.com/news/MPs-show-scant-regard-for-committee-meetings_15984078)

“Government and Opposition Parliamentarians of the Caribbean Gathered at ParlAmericas Workshop with Auditors General to Discuss Strengthening Budget Oversight” (ParlAmericas)

<http://www.parlamerica.org/uploads/documents/Workshop-7-Press-Release-closing.pdf>

**14 February 2014**

“Bartlett discusses trade with Dookeran in Port-of-Spain”

*Observer* (Jamaica)

[http://m.jamaicaobserver.com/mobile/business/Bartlett-discusses-trade-with-Dookeran-in-Port-of-Spain\\_16047143](http://m.jamaicaobserver.com/mobile/business/Bartlett-discusses-trade-with-Dookeran-in-Port-of-Spain_16047143)

“Parlementair toezicht op het begrotingsproces in het Caribisch gebied versterken”

National Assembly of Suriname

<http://dna.sr/nieuws/parlementair-toezicht-op-het-begrotingsproces-in-het-caribisch-gebied-versterken/> Press Releases



*Clifford Warmington (Jamaica)*

## Annex 4: Discussion Paper

### Re-visioning Public Accounts Committees in Small Parliaments

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

- Most PACs in smaller parliaments 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 countries, 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 parliaments 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 parliaments 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 PAC 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 parliaments. They demonstrate effective and realistic solutions to those problems faced by other small legislature PACs in the Caribbean.<sup>11</sup>

### 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.

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 organizations 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 four 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.

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<sup>11</sup> The text above is from ParlAmericas' publication *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 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 four and six members (currently six) who are appointed every four years by Parliament. Members may be reappointed at the end of a four-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?	<ul style="list-style-type: none"> <li>Members are appointed by Scottish Ministers after an open recruitment under public appointments procedures</li> <li>Local authorities and other organisations are consulted, as appropriate, prior to the appointment</li> </ul>	Members are elected by Parliament at the beginning of the legislative session and are nominated by political parties.
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

<b>Regularity of meetings</b>	Monthly	Approximately monthly
<b>Compensation</b>	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:

- Parliaments 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.

## Annex 5: Eight Core Principles of the Mexico Declaration

- 1** The existence of an appropriate and effective constitutional/statutory/legal framework and of *de facto* application provisions of this framework
- 2** The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties
- 3** A sufficiently broad mandate and full discretion, in the discharge of SAI functions
- 4** Unrestricted access to information
- 5** The right and obligation to report on their work
- 6** The freedom to decide the content and timing of audit reports and to publish and disseminate them
- 7** The existence of effective follow-up mechanisms on SAI recommendations
- 8** Financial and managerial/administrative autonomy, and the availability of appropriate human, material, and monetary resources

# Annex 6: Members of Advisory Group

Pre-workshop  
Advisory Group

Hon. Emma Hippolyte, Member of Parliament, Saint Lucia

Hon. Fitz Jackson, Member of Parliament, Jamaica

Hon. Volda Lawrence, Member of Parliament, Guyana

Ms. Averil James-Bonnette, Secretary General, CAROSAI and Auditor General, Saint Lucia

Mr. Deodat Sharma, Auditor General, Guyana

Hon. Wilfred Abrahams, Senator, Barbados

Hon. Emma Hippolyte, Member of Parliament, Saint Lucia

Hon. Carl Greenidge, Member of Parliament, Guyana

Hon. Colm Imbert, Member of Parliament, Trinidad and Tobago

Hon. Audley Shaw, Member of Parliament, Jamaica

Ms. Averil James-Bonnette, Secretary General, CAROSAI and Auditor General, Saint Lucia

Ms. Dorothy Bradley, Auditor General, Belize

Mr. Deodat Sharma, Auditor General, Guyana

Post-workshop  
Advisory Group

## Annex 7: Workshop Participants

### Parliamentarians

#### The Bahamas

Hon. Cheryl Bazard, Senator

#### Barbados

Hon. Wilfred Abrahams, Senator

#### Belize

Hon. Julius Espat, Member of Parliament

Hon. Markhelm Lizarraga, Senator

#### Bermuda

Hon. Edward David Burt, Member of Parliament

Hon. Jefferson Sousa, Member of Parliament

#### Grenada

Hon. Roland Bholá, Member of Parliament

Hon. George Vincent, Member of Parliament

#### Guyana

Hon. Carl Greenidge, Member of Parliament

Hon. Jaipaul Sharma, Member of Parliament

Hon. Trevor Williams, Member of Parliament

#### Jamaica

Hon. Hugh Buchanan, Member of Parliament

Hon. Audley Shaw, Member of Parliament

Hon. Clifford Warmington, Member of Parliament

#### Saint Lucia

Hon. Emma Hippolyte, Member of Parliament

#### Saint Vincent and the Grenadines

Hon. Robert Browne, Member of Parliament

Hon. Godwin Friday, Member of Parliament

#### Suriname

Hon. Mohamed Abdoel, Member of Parliament

Hon. Asiskumar Gajadien, Member of Parliament

Hon. Henk Ramnandanlal, Member of Parliament

#### Trinidad and Tobago

Hon. Senator Raziah Ahmed

Hon. Senator Diane Baldeo-Chadeesingh

Hon. Colm Imbert, Member of Parliament

Hon. Rudranath Indarsingh, Member of Parliament  
Hon. Senator Embau Moheni  
Hon. Senator Camille Robinson-Regis

## **SAI Heads**

### [The Bahamas](#)

Terrance Bastian, Auditor General

### [Belize](#)

Dorothy Bradley, Auditor General

### [Dominica](#)

Clarence Christian, Director of Audit

### [Guyana](#)

Deodat Sharma, Auditor General

### [Suriname](#)

Charmain Felter, Auditor General

### [Trinidad and Tobago](#)

Sharman Maria Ottley, Auditor General

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Mary King, GOPAC Caribbean Chapter  
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Kimberly De Souza, Parliament of Trinidad and Tobago

## **ParlAmericas**

Geoff Dubrow, Facilitator, President, Geoff Dubrow Governance Consulting Inc.  
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Marcelo Virkel, Project Coordinator

## Annex 8: 2012 Workshop Recommendations: Next Steps for Strengthening Parliamentary Oversight in the Caribbean

Formulated at phase I workshop held in Antigua and Barbuda in January 2012.

*\* Note: The recommendations from the Phase 2 workshop held in Trinidad and Tobago, in February 2014, are contained in textboxes for ease of reference.*

After the stimulating exchange of ideas and experiences in the panel sessions and the first working group session, participating parliamentarians and AGs met to develop recommendations for next steps in strengthening parliamentary oversight in the region. This section presents these recommendations, which participants agreed should serve as key elements of a draft plan in developing and implementing initiatives for a strengthened oversight system in Caribbean parliaments.

### Recommendation from ParlAmericas 2014 workshop

Based on the findings of this workshop, ParlAmericas should revise the recommendations formulated immediately following the 2012 workshop. Once revised, ParlAmericas should engage the regional oversight advisory group formed at the 2014 workshop to review the updated findings and identify priority areas for implementation.

### **Recommendation 1: Conduct regional studies to gain additional knowledge about PACs in the region.**

Regional studies should be conducted on:

- 1a The status of PACs in the region:** This study should identify the benchmarks in the region regarding the effectiveness of the PACs and establish outcome-oriented indicators on the functioning of PACs. Meetings should be held with key stakeholders to elicit more information about the situation in their respective countries and to assess the political will throughout the region. Regional workshops using electronic voting equipment could also be used to solicit views of parliamentarians on the effectiveness of the PACs.
- 1b Alternatives to PACs:** In smaller parliaments, PACs simply do not function and have not met in an extended period of time. There are few functioning alternatives in the Westminster System. A study should be conducted to identify an alternate committee structure to the PAC and address issues related to this new alternate body, such as its independence, its mandate and operating procedures, the appointment process, as well as constitutional and legal changes required in order to allow non-elected officials to serve, and measures to assure non-partisanship and transparency.

## Recommendation from ParlAmericas 2014 workshop

In small parliaments, the inclusion of independent senators on PACs should be examined.

Further consideration should be given to forming a regional oversight body, housed by an existing regional parliamentary body such as the OECS. Terms of reference will need to be drafted and the relationship between the regional oversight body and the country-level PACs would need to be established. Political support will need to be developed as well.

**1c Achieving INTOSAI standards:** INTOSAI and CAROSAI are constantly identifying the gaps in conformity with INTOSAI standards. This study should examine how to most appropriately bring SAIs in the region into conformity with INTOSAI standards, particularly with regard to the ability of SAIs to hire their own staff and determine their budgetary requirements. Key stakeholders should be identified and an action plan should be developed for meeting these standards.

### **Recommendation 2: Identify and allocate resources to the four active PACs in the Caribbean region (the four active PACs were identified as Jamaica, Trinidad and Tobago, Guyana, and Bermuda)**

Resources can be used for additional research support as well as for other initiatives such as committee training on effective questioning. It is important to ensure that sufficient political will exists in any potential partner country, both in government and parliament. In particular, the World Bank requires an official written request from the government in order to fund programs.

### **Recommendation 3: Select one or two countries (other than those with active PACs) as pilots to strengthen their PACs.**

Selection of country pilots should be based on data provided in the regional studies proposed in the first recommendation. The selection should be heavily influenced by degree of political will. Standing orders for parliamentary attendance at PAC meetings should be prepared, and efforts should be made to find suitable mediators to minimize partisanship within the PACs.

### **Recommendation 4: Conduct extensive training throughout the region on the role of parliament in budgetary oversight.**

Training should cover types of audit products, including VFM audits, and include practical matters (e.g., reviewing the actual estimates and financial statements in a particular country with parliamentarians). A parliamentary oversight manual should also be prepared to ensure that orientation material is available for new committee members. The Commonwealth Parliamentary Association (CPA) as well as the Global



Organization of Parliamentarians Against Corruption (GOPAC) might be positioned to deliver workshops on budgetary oversight. These training activities can take place at the regional and/or national level.

## Recommendation from ParlAmericas 2014 workshop

Participant feedback at the workshop indicated the desire for more practical hands on training on budgetary oversight for parliamentarians. This should include understanding financial statements and understanding performance audit reports, as well as effective questioning techniques for seeking clarification on both of these reports.

### **Recommendation 5: Provide the opportunity for parliaments in the Caribbean region to meet on a regular basis to share best practices and build awareness about the need to improve parliamentary oversight.**

A regional organization, such as a Caribbean Association of Public Accounts Committees (CAROPAC), could be developed to provide opportunities for sharing and building awareness, following the models provided by regional associations like the West African Association of PACs (WAAPAC), the East Africa Association of PACs (EAAPAC), and the Asia Regional Association of PACs (ARAPAC). Numerous countries such as Canada, Australia, and South Africa also have national meetings of their national and entity level PACs. In many cases, SAI heads are also present for these meetings and joint sessions can be held between the PAC representatives and the SAI heads. Regional bodies that can provide support include the Caribbean Community and Common Market (CARICOM) and the Caribbean Secretariat of CPA, which rotates throughout the region and will soon be based in Jamaica.

### **Recommendation 6: Pass a regional resolution on strengthening PACs.**

Such a resolution will set out the commitment of parliamentarians to strengthen their respective PACs. The resolution can draw on the template of the resolution adopted by CAROSAI in 2010 regarding PACs, which recognized that “in some jurisdictions the accountability cycle is not complete because the PAC, which plays a very important role, is not functional.” CAROSAI’s resolution also expressed a desire to “see some improvement in this regard.”

### **Recommendation 7: Coordinate CAROSAI efforts to address challenges to audit offices in the region, particularly with regard to audit office independence, with PACs as well as with any future regional PAC association.**

### **Recommendation 8: Liaise with CARICOM or the CPA Caribbean Secretariat to coordinate efforts in improving PACs in the region.**

Coordination of efforts among all institutions will lead to more coherent programming, better results and greater impact. Consulting with CPA for any best practices in the field of parliamentary oversight, as may be available from time to time, will ensure up-to-date standards

**Recommendation 9: Seek guidance from CPA’s code of best practices.**

Consulting with CPA for any best practices in the field of parliamentary oversight, as may be available from time to time, will ensure up-to-date standards.<sup>12</sup>



<sup>12</sup> [www.cpahq.org](http://www.cpahq.org)