

## Functional Impact of Public Accounts Committee on Public Accountability over Financial Crimes in Nigeria

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### Abstract

This study examined the functional impact of public accounts committee on public accountability over financial crimes in Nigeria. Purposefully, the study assessed the extent PAC function has impact on public accountability in Nigeria; the impact of PAC function on transparency and accountability in Nigeria; and the significance of PAC function for public accountability over financial crimes in Nigeria. The researcher used descriptive and survey designs to carry out the study. The respondents were seventy-six (76) accounting officers/accountants and auditors drawn from federal and state establishments in Rivers/Bayelsa states. The data obtained was facilitated by administering a research questionnaire of thirty-five (35) items to eighty-five (85) accounting officers/accountants and auditors, having a response rate of 89%. Among other things, the findings of the study revealed that to a moderate extent PAC function has impact on public accountability in Nigeria. There is also a significant impact of PAC function on transparency and accountability in Nigeria; and a great significance of PAC function for public accountability over financial crimes in Nigeria. Although, Nigerian PAC functions to a moderate extent in terms of enhancing public accountability, there is still need for the PAC to adopt effective approach towards accountability facets of popular control, equilibrium of power and reflective governance. In light of this, the study concluded that the function of PAC to a moderate extent has impact on public accountability over financial crimes in Nigeria.

### INTRODUCTION

Public Account Committee (PAC) serves as a body which takes evidence from Accounting Officers to confirm the comments of the Auditor-General's annual report. The committee also report on the major irregularities established and make recommendations on necessary corrective action. This function that public accounts committee carries out, should be purposeful to ensure public accountability over rampant financial crimes experienced in Nigeria. The point to note is that if public accountability is effective, could there be frequent loss of public funds and assets?

Specifically, what might be the best practices of public accounts committee? Based on comparative "best practices" is not always evident. However, it is a fact that much of public accounts committee best practices depends on institutional settings, needs and contexts. Despite that, legislatures across the world are faced with the challenge to engage in the audit stage of the budgetary process to ensure legislative oversight of the use of public moneys. Hence, the status of the public accounts committee has traditionally occupied a heightened status over other committees in the legislature. In many countries, it is the oldest parliamentary committee. The Gladstonian reforms in Britain gave rise to the creation of a Public Accounts Committee in 1861, and many other Commonwealth countries followed this model from there on. The historical fact that the public accounts committee tends to be one of the oldest of all parliamentary committees indicates that its importance as the legislature apex for financial oversight and scrutiny has long been recognized.

Generally speaking, it is the primary duty of the public accounts committee to examine the reports of the auditor general. But the committee differs from most other committees in the sense that it is prevented from questioning the wisdom of the underlying policy that informs public spending. Rather, it is asked to investigate whether spending did comply with the legislature intentions and expected standards, and also whether value for money was obtained (May Erskine, 1983:728).

The public accounts committee does not seek to concern itself with policy; its interest is in whether policy is carried out efficiently, effectively and economically. Its main functions are to see that public moneys are applied for the purposes prescribed by legislature, that extravagance and waste are minimized and that sound financial practices are encouraged in estimating and contracting and in administration generally. However, in practice, it is often difficult to strictly separate financial management from policy issues. In addition, members of some public accounts committee report expanding latitude in challenging policy issues through the committee process, a process that seems to have been accelerated as the depth and frequency of value for money audits has increased. In such investigations, results might lead themselves to questioning policy choices, notably in relation to issues of effectiveness. In practice, this might require increased awareness to ensure that the efficacy of the public accounts committee process is not undermined by party political disagreements.

From the conceptual overview of public accounts committee, its function, inter alia, is to ensure public

accountability in government spending. According to Koleade (1992:188), accountability in government goes beyond stewardship function. This is so because in government there is the added dimension of complexity which is one of the most significant aspects of management in government complexity, not irrationality, in assessing whether one use of allocation of resources is better or yields more benefits than another. This complexity has very serious consequences when decisions taken by public officers are brought under open and public scrutiny particularly by those who were either out parties to those decisions or are even incapable of appreciating the intricacies of such decisions. Furthermore, Koleade (1992:190) expounded on the fact that the system of accountability has been found to evolve in stages and closely follow political watersheds and the growing concerns of the citizenry in any country. The evolution however follows the same pattern from place to place. The drive for accountability often begins with an enthusiastic pursuit for probity and integrity on the part of public administrators. The budgeting, accounting and auditing activities are geared towards guarding against abuse and misuse and bureaucrats are acquitted if they can prove that they have not converted to or used government resources for unauthorized purpose.

In the face of these functions, yet Nigeria experience financial crime in successive manner. Admittedly, the history of corruption in Nigeria is strongly rooted in over 29 years of military rule, out of 46 years of her statehood since 1960. Successive military regimes subdued the rule of law, facilitated the wanton looting of the public treasury, decapitated public institutions and free speech and instituted a secret and opaque culture in the running of government business. This same culture is transferred to democratic civilian rule in which carry-go concept was introduced to waste government funds. Then, what is the public image about public accounts committee towards public accountability over such financial crimes in Nigeria, is the interest of this study.

### **Statement of the problem**

There is a global trend towards greater openness in government finances. This is based on a belief that transparent budgetary practices can ensure that funds raised by the state for public purposes will be spent as promised by the government, while maximizing the benefits derived from spending. One crucial aspect of a transparent system of resource allocation involves an independent assurance of the integrity of public budgeting through an audit process, and the scrutiny of its outcomes by the representatives of the people, in the form of legislature setup as public accounts committee (PAC).

However, if actually Nigerian public accounts committee live up to expectations as per its functional role, why are the masses so perplexed about the prevailing condition of public accountability of government financial activities and the rampant financial crimes across the nation? Since we have by legislature, Public Accounts Committee, what impact does its function has on public accountability? If public accountability is enforced by public accounts committee through an audit process, why then so many rampant financial crimes? In other words, in what ways public accounts committee influence public accountability and with what outcomes so far achieved. Providing solutions to this puzzled situation will reveal the mystery of this research study.

### **Objective of the study**

The purpose of this study is to examine the functional impact of public accounts committee on public accountability over financial crimes in Nigeria. It is a dicey situation in Nigerian political environment today that many people forced themselves into politics just to have fun and get a share of the National cake of the Federation account, which is not, secured enough for proper use. This in turn causes severe economic hardship on the lives of less privileged Nigerians.

In the light of the growing interest and controversy surrounding the emerging stream of research being carried out on poor management of public funds, this study has three (3) objectives to provide empirical evidence of: (1) the relationship between public accounts committee and public accountability; (2) the impact of public accounts committee on transparency and accountability in Nigeria; and (3) the significance of public accounts committee's function for public accountability over financial crimes in Nigeria. The outcome of examining these issues will provide solutions to this study.

### **Research questions**

Research questions serve as a guide to direct attention to the main areas of concentration in study. Hence, the attempt to trace the lines of evidence of the questions enumerated below will help us to understand the true position of Nigerian public accounts committee's function and what impact made on enhancing transparency and accountability to safeguard public funds.

- ❖ What is the relationship between public accounts committee function and public accountability?
- ❖ What impact has public accounts committee function made on transparency and accountability in Nigeria?
- ❖ To what extent did public accounts committee actually ensure public accountability in Nigeria?
- ❖ To what extent can public accounts committee function effectively without the independent support of

- Auditor-General for the Federation?
- ❖ What is the significance of public accounts committee function for public accountability over financial crimes in Nigeria?

### Statement of hypotheses

Based on the conceptual overview of this study, the following hypotheses are hereby proposed.

1. There is a positive and significant relationship between public accounts committee and public accountability in Nigeria.
2. There is a significant impact of public accounts committee on transparency and accountability in Nigeria.
3. There is a great significance of public accounts committee function for public accountability over financial crimes in Nigeria.

### Significance of the study

The lack of an effective system of public accountability can pave way for inability to safeguard public funds and assets. In the recent past, apart from few escape goats, financial malpractice cases disclosed have not been properly dealt with and officials involved in the scene either received new political appointments or maintain their political portfolios. This lack of liability for the acts of malpractice allows such perpetrators to continue, leading the oil rich country to a severe economic hardship. Consequently, patriotic individuals are inquisitive about the functional impact of public accounts committee on public accountability and why the perpetual looting of public funds in Nigeria. This aspect requires attention of a research study in order to give coverage in form of documentation.

Basically, the significance of this study is derived from the effort to contribute to existing literature on the subject matter. It also proffers suggestions to improve on public accountability in Nigeria. Specifically, genuine political Administrators, Accounting officers/Accountants and Auditors in Federal, State and Local governments will find this study useful in terms of transparency and accountability. Hence, the study focused on the activities of Nigerian public accounts committee, her expectations and influence on public accountability, which can create a hedge to rampant financial crimes in the country. Therefore, if the measures recommended are adopted in good practice, economic and financial crimes in the country can be reduced.

### Scope and limitation of the study

This study lies within the scope of examining the functional impact of public accounts committee on public accountability over financial crimes in Nigeria. Imperatively, the research covers only a cross-section of public Accounting Officers/Accountants and Auditors in Nigeria. Therefore, the accessible population is based on selected public Accounting Officers/ Accountants and Auditors in Federal ministries and parastatals (Port Harcourt and Yenagoa areas), both in headquarters levels (in Abuja) respectively.

The study subjects consist of a limited number of sampling units, which represent the target population. Thus, the researcher designate selected sampling units in Federal ministries and parastatals to be representative of the accessible population. This is due to time and cost constraints to carry out the research study by administering questionnaire and cross-examining the respondents, face-to-face interview to obtain valid and reliable information.

### Organization of the study

The study is organized into various sections to give this report in reality. These sections are arranged into five chapters followed by supplementary pages. The first chapter gives the introductory part of the study that has to do with understanding of the research problem and other requirements involved in the study. Chapter two reviews other existing related literature that concern this study. Chapter three contains the methods applied to carry out this study including data collection procedures and analysis techniques. Chapter four presents the data so far collected, the analysis and discussion of findings. Chapter five gives a summary review of the findings, conclusions and recommendations of the study.

Finally, the supplementary pages contain the references of other related literatures used to support the study, and the appendices. Nevertheless, the organization of this study is not different from the prescribed procedures of research methods in administrative sciences.

## REVIEW OF RELATED LITERATURE

### Constitution of public accounts committee

There should be a constituted Public Accounts Committee as soon as possible by the Assembly, i.e. a standing Public Accounts Committee for the duration of the Assembly. The Committee members to be elected by the Assembly from among its Members and the Finance Minister shall be *ex-officio* member, but the Finance

Minister shall have no right of vote until he is an elected member of the Committee. The quorum for the meeting of the Committee shall be three members of the Committee.

Casual vacancies shall be filled by election as soon as possible after they occur and any person elected to fill such a vacancy shall hold office for so long only as the person in whose place he is elected would have held office. The Chairman of the Committee shall be elected by the Committee from among its members. In case of any equality of votes on any matter, the Chairman shall have a second or casting vote (Pakistan Institute of Legislative Development And Transparency, 2004:41).

### **The membership of the public accounts committee**

What should the membership of the PAC look like? Who should serve as chairperson of the committee, and what role does this function require? This section briefly looks at some broad trends with regard to these issues. Composition and size of PAC is also considered. In the majority of parliaments, and as tends to be the case in most other committees, the proportion of government and opposition members reflects the proportions in the house. However, whether this is possible also depends on the total size of the committee, and the number of parties represented in the house. While the size of a PAC varies, it has on average 11 members (Organization of Economic Co-operation and Development, 2001:7).

### **Appointing the Chairperson**

It is a long -standing tradition in many parliaments that the chairperson of the PAC has to be a member of the opposition. A recent survey indicates that this principle is adhered to in two thirds of PACs, underlining the non-partisan tradition that underpins the work of the PAC and the willingness of the government to promote transparency through independent scrutiny. In some cases, the tradition to award the chair of the PAC to an opposition member might simply reflect an unwritten convention, whereas elsewhere this principle has been written into the rules of the house.

The chairperson is to play certain roles, i.e. he has to ensure the smooth and effective running of the committee. In particular, PAC chairpersons are responsible for setting the committee's agenda, usually in consultation with the committee and the auditor general. The latter should be able to indicate the flow of reports to be released, which should allow the committee to plan ahead reasonably well. The chairperson is also crucial in fostering a culture of consensus in the committee, by steering it clear of party political divisions as far as possible (Organization of Economic Co-operation and Development, 2001:7).

### **Committee staff and additional support**

At a minimum, the committee should have a clerk or secretary. A recent study group on PACs recommended additional possibilities (Commonwealth Parliamentary Association 2001, pp. 78-79): "Secondments of experts from overseas or from the secretariat of another Parliament are also, subject to funding being available, another way of providing capacity and helping to build capacity in the future by local staff learning from the skill that the secondees have to impart."

### **Functions of the Committee**

(1) **The** Committee shall deal with the Appropriation Accounts of the Provincial Government and the report of the Auditor-General thereon and such other matters as the Finance Minister may refer to the Committee.

(2) In scrutinizing the Appropriation Accounts of the Provincial Government and the report of the Auditor-General thereon, it shall be the duty of the Committee on Public Accounts to satisfy itself:

- That the money shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged;
- That the expenditure conforms to the authority which governs it; and
- That every re-appropriation has been made in accordance with such rules as may be prescribed by the Government.

(3) It shall also be the duty of the Committee on Public Accounts:

- To examine the statements of accounts showing the income and expenditure of State Corporations, Trading and Manufacturing Schemes, concerns and projects together with the balance-sheets and statements of profit and loss accounts which the Governor may have required to be prepared or are prepared under the provisions of the statutory rules regulating the financing of a particular Corporation, a trading concern or project and the report of the Auditor General, made to the Governor thereon;
- To examine the statement of Accounts showing the income and expenditure of autonomous and semi-autonomous bodies the audit of which may be conducted by the Auditor-General under the direction of statutory requirement; and
- To consider the report of the Auditor-General in cases where the Governor may have required him to conduct the audit of any receipt or to examine the accounts of stores and stocks (PILDAT, 2004:41).

### **The role of public accounts committee**

The Public Accounts Committee (PAC) has an important role to play in government accountability; its effectiveness is hampered by several weaknesses. These weaknesses are largely rooted in the overall context of the legislature and political system and are not easily changed. This larger context includes:

- ❖ The heavy turnover of parliamentary committee membership;
- ❖ The general lack of interest among members of parliament in accountability issues;
- ❖ The difficulty of distinguishing between issues of “policy” and of administration”; and,
- ❖ The unclear status of public servants before parliamentary committees and in the accountability system more generally.

Each of these factors has considerable effect on the operations and impact of the Public Accounts Committee. They are also intertwined with much larger issues of parliamentary representation and responsible government. The PAC is part of the overall standing committee system of the House of Representatives, and this is essential in understanding its role. While the PAC is *sui generis* in its mandate, it is one of several committees at present, and by no means considered the most desirable of these committees for assignment. If we assume a committee can only be as good as its members, the PAC faces serious challenges. Its membership changes constantly. Many of its members do not seem to value, much less covet, the assignment; nor do they necessarily have appropriate backgrounds or experience to investigate issues of government administration. Discussions of the Committee that fail to note these issues risk overestimating its abilities and members’ enthusiasm for their role.

Another major concern surrounding the PAC is the lack of rules surrounding the testimony of public servants before parliamentary committees. While public servants appear regularly before the PAC and other committees, the expectations and understandings surrounding their appearances can be very unclear. What questions can be asked? When should a public servant defer to answer what is deemed a “political” question? Without precise standards, it is up to members to struggle over these questions, often for their own tactical advantage. The Committee relies heavily on the Office of the Auditor General (OAG) for its agenda and the Auditor’s investigative resources, to the extent that it has little capacity and perhaps little desire to conduct its own independent investigations. Instead, the PAC serves as a forum for discussing Office of the Auditor General findings and holding government to account. But the massive profile and esteem enjoyed by the Auditor General may mean that PAC members find little political visibility or reward in their roles. This study examines this key tension and notes how the PAC does seem to labour in the Auditor’s shadow. However, it is not clear whether the Committee would benefit from some type of expanded role, given its status as a legislative standing committee rather than a truly autonomous body. Instead its most effective role may be to amplify the findings of the Auditor General as it now already does. For the Committee to improve or expand its role there must be larger changes in the parliamentary culture and greater clarity in how Parliament can hold public servants to account.

Legislature engagement with the budget normally has several stages. First, parliament votes public moneys, and then it might monitor budget execution. Finally, parliament has to consider whether budget implementation complied with its wishes. The audit of accounts has traditionally been performed by a body distinct from the legislature, in some cases a court or an auditor general. But it is parliament that is tasked with considering the results of such an audit. While some legislatures do not have a dedicated committee to perform this function, many legislatures have established PACs for this purpose. This is especially the case in the Westminster tradition of government, where parliament has retained only minimal and usually symbolic *ex ante* control over the budget, and instead focuses on *ex post* scrutiny (Schick 2002:33-35; Davey 2000).

### **The relationship between PAC and the Auditor-General**

The relationship between parliament and the audit institution varies between systems. As a tradition, the PAC is the primary audience of the auditor general, and it is vital that a cordial relationship is maintained between the two. While the PAC depends on high quality audit reporting to be effective, the auditor general in turn requires an effective PAC to ensure that departments take audit outcomes seriously. Usually, such restructuring has not abolished the functions exercised by the PAC, but ended the latter’s exclusive focus on audit scrutiny. In New Zealand, for instance, the functions of the former Public Accounts Committee were given to the Public Expenditure Committee in 1962 and to the Finance and Expenditure Committee in 1985. The functions of the latter committee are wider than those of a traditional PAC, and include the ‘audit of the Crown’s and departmental financial statements, Government finance, revenue and taxation’. Comment by Matthew Louwrens. For the terms of reference of Canadian PACs, refer to the Canadian Council of Public Accounts Committees (2002: 27-56).

All reports of the auditor general are addressed to parliament, and the auditor general or a representative will attend the sittings of the PAC. In some cases, the PAC can request the auditor general to conduct a specific investigation, and the auditor general has no discretion and must do so. More recently, audit institutions have also tended to develop a more *ad hoc* advisory function, whereby the legislature requests advice



or comments on specific issues under consideration. Especially in the absence or lack of dedicated legislature research capacity, this can broaden the access of parliament to independent expert analysis.

As noted, over 90 percent of the PAC's inquiries are concerned with Auditor General's reports, and it relies heavily on the Auditor's research and resources. Even the small number of other inquiries is sometimes linked to Auditor-inspired inquiries. For example, its report on ministerial and deputy ministerial accountability was not directly related to an Auditor General Report, but was closely linked to its earlier Sponsorship Inquiry stemming from Auditor General Report. The relationship with the Auditor General can hardly be overstated. As one participant puts it, the Office of the Auditor-General is "the eyes and ears of the Committee" and presents "the facts," while the Committee itself holds individuals to account for what the Auditor-General has found. For at least one member, this has become too dependent a relationship: "the Auditor has gone to a status where we agree with everything he says. The Auditor is a little too powerful in the eyes of the Committee and we shouldn't become too raptured." But another member of the same Party said the relationship was "a very good balance." In general, the relationship does seem complementary with each role distinct. While the Auditor provides the Committee with fodder for discussion, the Committee provides a public forum for the further examination of government activities. The PAC provides several distinct strengths to the Auditor General's inquiries. First, it can draw further attention and notice to issues raised by the Auditor General. While Auditor-General reports usually receive good or exceptional media coverage, this coverage may focus on minor sensational items, rather than more substantive and complex issues. Even when coverage is more thoughtful, journalists rarely have the time and space to dig deeply and sustain their inquiries. The PAC is able to revisit reports, often after the initial wave of attention, and attract further sustained attention to issues and problems. Second, committees offer a venue for the Auditor General and public servants alike both to present fairly their perspectives and to hear the other side in a public forum. Auditors are given further opportunity to press their concerns, while public servants have an opportunity to answer and explain. The PAC ideally provides an evenhanded and reasonably formal setting for this, through the calling and individual questioning of witnesses in public meetings with recorded transcripts. Third, the Committee provides additional public and visible pressure on governments to change or account for their actions. While its reports and recommendations may not have immediate influence, they remain important and easily accessible aspects of the public record. But on the other hand, members may resent labouring in the Auditor's shadow. And, it is very difficult to find the line between the Auditor General's investigatory role and the PAC's accountability role. While these roles are often identified as "fact finding" versus "political accountability," it is not clear how we can distinguish the two. PAC members may question how much they actually add to the Auditor General's inquiries and what "political accountability" actually means. It is difficult to answer this question or investigate it in empirical terms. But the contribution of the PAC may be limited, given the Committee's rapid member turnover, thin staff resources, and MPs' lack of interest in accountability. Nuance, reflection and genuine interest in good governance and administration often seem lost in Committee struggles. While the Committee can and does produce thoughtful reports, they seem largely to amplify the existing reports of the Auditor General rather than break new ground. Key, however, is the PAC's ability to question publicly witnesses, unlike either the Auditor General or Question Period. In this way, the Committee does indeed hold government to account, publicly, for its actions. Whether the media pays much attention is perhaps not important; what is important is the public record and the potential for further attention. A PAC appearance is not taken lightly by public servants, and this provides powerful and transparent follow-up of the Auditor General's investigations.

### **The supporting function of the Auditor-General**

The office of the auditor general is the primary resource available to the committee, and accompanies the work of the PAC on an ongoing basis. In some cases, the Finance Ministry also provides officials to follow and support committee deliberations. Such support may involve having to answer questions from committee members, and the provision of requested information (Joint Committee of Public Accounts and Audit, 2001a). PACs can draw on the auditor general's office for secretariat assistance either on an *ad hoc* basis or through a programme of regular secondments. Compared with other parliamentary committees, but depending on the nature and extent of expertise in the audit institution, the PAC therefore has access to substantial logistical and technical backing.

### **The relationship between PAC and the Executive**

The fact that the PAC is not to question the policy underlying spending decisions impacts on who the committee holds to account. The normal legal construction is that a minister is the political head of a department, whereas a Permanent Secretary or Director General is the administrative head of a department. While the former requires policy direction, the latter function includes responsibility for day to day administrative and financial matters. The administrative head of a department normally signs the accounts of the entity in her or his function as accounting officer. One practical consequence of this is that the work of PACs traditionally focuses on

interrogating the administrative head instead of the minister, as the task is not to scrutinize the political direction.

### **The content of PAC work**

The exact content of the work of the PAC depends largely on what it receives from the audit institution. In a recent survey, 85 per cent of PACs indicate that their work primarily depended on the auditor general's report. A first determinant is the material audit jurisdiction of the audit institution, which refers to what types of audit are performed (White *et al*, 1999:19). The traditional focus of public sector management has been on compliance. But the past years have seen a reorientation to a more performance-oriented outlook, which is increasingly reflected in the reporting content of auditors. In addition, the content of PAC work is determined by its institutional remit. For example, should PACs in national or state legislatures engage with local government audit reports? What is their role in the financial oversight of publicly owned companies and other non-departmental public bodies?

### **Financial audit**

This term summarises the traditional focus of public sector auditing. One output is usually a certification whether the figures in the accounts are properly stated the money was used as intended by parliament, and that payments and receipts accord with relevant legislation and regulations (White *et al* 1999:21-24). This involves a judgment of expenditure and receipts, as represented in the accounts, against key benchmarks such as regularity and propriety. Regularity refers to the requirement for items of expenditure and receipts to be dealt with in accordance with the legal and regulatory framework, such as the relevant appropriation act and any applicable permanent legislation. Expenditure must also have been duly authorized. Propriety is concerned with the expectations of parliament as to the way in which public business should be conducted, such as the avoidance of personal gain, even-handedness, open competition, and the avoidance of waste.

### **Value for money audit**

In addition to the above, audit institutions increasingly produce value for money studies. The term captures the "3Es" of economy, efficiency and effectiveness. It is sometimes summarized that these refer to, respectively, spending less, spending well, and spending wisely. In systems that are implementing performance-oriented reforms, the PAC should engage closely with this process to ensure that the information generated is useful and relevant for the committee. Some countries are moving towards greater involvement of sectoral committees in considering value for money studies. For instance, value for money audit was included in the mandate of the Canadian Auditor General in 1977, and now makes up about 60 per cent of total audit activity (Blöndal 2001:39-84). Exact definitions vary, but the following ratios illustrate the concepts: Economy is concerned with the ratio of inputs (such as staff and buildings) against cost (in monetary terms). Efficiency is concerned with output (a particular good or service) divided by input. Effectiveness may be measured by considering outcomes (the impact on society) against outputs. Refer to Kristensen *et al* (2002:7-34) for a good overview, and also National Audit Office (1998). A frequently stated formula is that performance measures need to be smart: specific, measurable, achievable, results-focused, and time-bound.

### **Government departments and agencies**

Government departments are the primary subjects of PAC scrutiny. However, recent years have seen an increasing trend in some countries towards the creation of semi-autonomous agencies that are wholly or largely funded with public money, in a drive by government to hive off operational responsibility. Normally, these fall under the overall responsibility of a particular minister. At the same time, the chief executives of such agencies are usually accountable to parliament and to the PAC in their role as accounting officers. Therefore, while one particular department may be politically responsible, different accounting officers might have to be called to account for different activities under that department, which somewhat blurs traditional and linear notions of accountability (Marshall 1991, pp. 467-469).

Local government authorities normally do not fall within the remit of PACs. When the mandate of the committee refers to national government operations, for instance, it would be inappropriate for it to get involved in local government financial matters, which should be dealt with through subnational accountability arrangements. Some legislatures have assigned the task of considering audit reports on local government to a separate committee, *viz.* the committee concerned with local government affairs. However, jurisdictional parameters and committee mandates are decisive when determining whether local government financial affairs are a legitimate concern for the PAC, as the focus of the committee's work needs to be within its mandate.

As regards to publicly own companies, the role of the state in the economy is changing in many countries, and privatization measures are reducing the number of publicly owned companies. Still, in many countries governments are involved in commercial activities, notably through publicly owned companies. The financial oversight of such companies has often not been part of the mandate of the PAC, but sometimes of a

separate committee. For instance, in the Parliament of Trinidad and Tobago, a separate Public Accounts Enterprises Committee examines audited accounts of state enterprises that are owned or controlled by the state. Similarly, the Committee on Public Undertakings of the Indian Parliament considers reports, accounts, and audit reports of key state enterprises (Wehner, 2001:9).

### **The public accounts committee process**

The PAC process has its starting point with a report from the auditor general. The prime mechanism for considering such reports is the hearing, at which witnesses are called before the committee to answer to questions by members on critical issues raised. After the conclusion of a hearing, the committee has to finalize its own report based on its findings, and make sure that the government implements any recommendations.

### **Choosing audit reports to be considered**

The overwhelming majority of work of the PAC is dedicated to dealing with auditor general reports. Due to a lack of time, the PAC often cannot consider all accounts, but is forced to prioritize. One option is to focus on those accounts involving a qualified audit opinion. However, it might seem unsatisfactory to forfeit parliamentary scrutiny altogether for some accounts, even if they are given a (relatively) clean bill of health. Commenting on some weaknesses of the PAC process in the British House of Commons, White *et. al.* (1999:131-132) suggest additional possibilities for prioritizing the work of the committee: "It would seem to make sense to have some sort of hierarchy of [National Audit Office] reports. Those which deal with more serious financial control issues, and give most cause for concern, could be subject to a full-blown hearing. Those reports which throw up less serious problems could be subject to a report based on written evidence, or simply contain a requirement that the department concerned has to respond to the National Audit Office (NAO) report. A further alternative which would make better use of the NAO whilst easing pressure on the PAC's time would be for departmentally related select committees to examine NAO reports."

### **Preparing for hearings**

After receiving a report from the auditor, hearings are the principle mechanism by which officials from departments, agencies or other relevant bodies answer to the PAC. The PAC should plan its programme carefully in consultation with the auditor general, so that the release of reports is synchronized with parliamentary hearings. A quality hearing requires preparation by committee members as well as witnesses. In some country PACs, individual members are asked to scrutinize separate sections of a report. In others, each member is responsible for every audit report. An audit report is in many systems accompanied by a briefing document from the auditor general, circulated prior to a hearing, which might suggest areas in a report that warrant particular attention. In addition, individual members sometimes conduct their own research on issues of their interest to supplement the available information. A qualified opinion would indicate that the accounts or financial management practices did not fully meet all required standards (Harris, 2001:613).

### **Conducting hearings**

The number and scheduling of hearings conducted by a PAC each year differ greatly between countries, which primarily depends on the quantity and flow of reporting from the audit institution. While it is important that the PAC considers the advice of the auditor general, the committee should not be constrained in its choice of which aspects of an audit report should be further investigated. Harris (2001:613) summarises for the Australian case: "The ability to consider and report on any circumstances connected with reports of the Auditor-General or with the financial accounts and statements of Commonwealth agencies is one of the main sources of the committee's authority – it gives the committee the capacity to initiate its own references and, to a large extent, to determine its own work priorities. This power is unique among parliamentary committees and gives the committee a significant degree of independence from the executive arm of government." The summonsed officials appear in front of the PAC during the hearing, normally in the form of the accounting officer. Many committees also question additional individuals, although the minister is not usually summonsed. Individual members of the committee should each have a chance to ask question. In Britain, for instance, the PAC of the House of Commons allows the chairperson 30 minutes for questioning, at the beginning of a session. Afterwards, each ordinary member of the committee has no more than 15 minutes to pose questions. While this limitation has its disadvantages, it also ensures that hearings are concluded expeditiously (White *et. al.* 1999:124). Other committees have no such time restrictions whatsoever.

### **Reporting and recommendations**

If minutes of evidence are published, witnesses should be given a chance to check these for accuracy before their publication. Usually, it is the responsibility of the chairperson to draft a report, with assistance from the committee clerk. Some auditors prepare a set of recommendations as a basis for committee deliberations, to



support this process. However, in some countries, the auditor general does not participate in the drafting of PAC reports, to maintain the independence of the committee. The draft report is debated in the PAC, where any changes can be proposed, and accepted or rejected. While it is not normally required that PAC reports have to be adopted unanimously by the committee, some committees have found it useful to hold back reports until consensus has been established. The minutes of evidence of a particular hearing as well as the committee report should be published as promptly as possible. In a recent survey, 87 per cent of PACs indicated that their reports are freely available to the general public. In addition, 57 per cent of PACs have their reports debated in the house. Often, this takes the form of an annual debate, which can focus on a selection of particularly pertinent reports.

### **Following up on implementation**

The finalization of a report by the committee should not be the end of the PAC process. Reports only have practical value if the government addresses the issues it raises, and implements the recommendations of the committee. In practice, while experiences vary, the Treasury Minute is not always a satisfactory mechanism for ensuring that the committee's recommendations are acted upon. The responses it contains may not always be very specific, and it can be difficult, given parliament's often-limited resources, to ensure independently that sufficient action was taken by the government to address particular concerns of the PAC. Some countries go further in their follow-up through the use of a formal tracking report produced regularly by the audit institution. Tabled at a later stage, for instance two years after an initial audit report, it systematically considers the extent of implementation of each set of recommendations adopted by the committee. Rather than a separate tracking report, some auditor generals follow a process whereby they include a review of departmental action on previous recommendations in an annual audit report. In addition, with regard to particularly important issues, it might be useful to consider interim reporting requirements to ensure that the government takes remedial action as speedily as possible. This might take the form of periodic briefings of the committee by relevant officials (Joachim Wehner, 2002:15).

### **Following up on audit recommendations – the German case**

The lower house of the German Parliament, the *Bundestag*, receives an audit report about ten months after the end of a fiscal year. The report is based on about 1000 individual audits, and focuses on about 100 of the most important ones. It contains information on broader financial management issues as well as detailed comments across departments. The report is considered in the Committee on Public Accounts, a subcommittee of the Budget Committee, where membership is proportionately distributed according to party representation in Parliament. Each member is assigned the role of rapporteur for a specific ministry, and has to scrutinize the remarks on this entity in the audit report. The relevant ministers or at least high-ranking bureaucrats, Finance Ministry officials and auditors take part in the relevant discussions. The Federal Court of Audit prepares a draft recommendation for each item. If adopted, the executive is obliged to implement the recommendations, and has to report on its progress in this regard within a set timeframe. Most decisions are taken unanimously, and about 90 per cent of the recommendations of the Federal Court of Audit are endorsed. The Budget Committee generally accepts the views of the subcommittee and refers its report to the plenary. The Federal Court of Audit also produces a follow-up report two years later. This report documents whether the *Bundestag* adopted a recommendation by the Federal Court of Audit, and, if so, to what extent the relevant department implemented it. This tracking mechanism enforces compliance with committee recommendations by departments, which face expenditure cuts or reprimands during their budget hearings when compliance has been unsatisfactory (Wehner, 2001:32).

### **Working practices**

There are a number of issues relating to the day to day functioning of the committee that have to be addressed. These include the rules or conventions that apply to decision taking, the frequency of committee meetings, whether sittings should be open to the media and the general public, and how to ensure attendance by members. Finally, many committees face a substantial workload. In order to manage a demanding programme, some PACs have established an internal structure that enables a division of labour within the committee. Regarding decision taking, there is a strong tradition in many parliaments that favours unanimity for PAC decisions. In some cases, the unanimity principle is enshrined in rules, but in most countries PAC reports can contain minority views. A rigid principle of unanimity in PAC decisions might be an unrealistic requirement, although all PACs should strive for consensus decisions to underline the nonpartisan approach to financial oversight. In some cases, when unanimity is not a formal requirement, the committee might sometimes decide to delay a report in order to establish consensus. This is likely to add to the strength and impact of the report, but it may not always be a feasible option.

The frequency of meetings varies enormously across different countries, and a generalized judgment is impossible. Among the determining factors are the amount of reporting produced by the audit institution,

resources available to parliament, willingness of committee members, and the required or acceptable level of investigation. Each PAC has to ensure that it sets aside sufficient time to do justice to the audit reports tabled, and to reach a satisfactory level of scrutiny. Hence, there is a general trend to facilitate greater transparency in government. In the majority of legislatures, PAC hearings are open to the media and the general public. There might be reasons for barring the public in exceptional circumstances, for instances in discussions that relate to a central intelligence agency or highly sensitive defense matters. But, generally, there are few reasonable excuses to prevent open access of the media and the general public to PAC sessions.

The issue of attendance is especially problematic when membership between committees overlaps. Small parties, in particular, often face trade-offs relating to how to spread a small number of members across numerous committees. However, as in all committees, poor attendance undermines the efficacy of the work of the PAC. In cases of membership overlap, the coordination of schedules with other committees is essential. Hence, effective internal organization is important in this regard. The heavier the workload of a committee, the more urgent becomes the need to enhance its capacity to process work in a timely and effective manner. As individual members have limited time and capacity, this might necessitate a division of labour within the PAC. This has often involved the creation of sub-committees. These can either be based on subject areas such as health or defense, in which case they might be more permanent. Or they might be formed in an *ad hoc* manner to address particular issues when they arise. Also, some PACs operate sub-committees to draft a working programme that is later discussed and adopted in the main committee. Yet another option is a rapporteur-based system that gives substantial responsibility to individual members of a committee. Whichever method is chosen, it is important that ultimately the final discussion and decision stage remain reserved for the main committee (Commonwealth Parliamentary Association 2001, pp. 68-69).

### **Concept of public accountability**

The accountability of public organizations has become an increasingly complex issue for contemporary governments. The traditional parliamentary model of accountability that presumed a linear and hierarchical relationship between a public organization, a Minister and Parliament has decreasing relevance for the manner in which public services are actually delivered at the beginning of the 21st century. The need to reconsider accountability is apparent even for organizations that are components of “mainstream government.” Ministers have become less willing to accept full responsibility for the actions of their organizations, especially implementation decisions made at lower levels of those organizations, and the logic of government reforms has been that those lower level officials should have more latitude for making decisions and be more accountable for their actions. Further, given that a smaller percentage of public services are now delivered directly by ministerial departments, a re-examination of accountability is called for if the public sector is to slow, and perhaps even reverse, the public’s loss of confidence. Several changes in politics and public administration are driving changes in accountability. First, accountability as a form of democracy is increasingly important because of the decline of other forms of democracy. Participation in elections and membership in political parties have been declining steadily over the past several decades, and citizens appear to have lost much of their faith in the input institutions of democracy (Pharr and Putnam, 2000; Nye, King and Zelikow, 2000), such as voting.

Thinking about democracy, by both political leaders and scholars, has shifted to some extent towards “output legitimation,” emphasizing the role of policy and administration in building the foundations of a legitimate state. In that setting, accountability, as well as the ability of citizens to participate in controlling organizations that deliver their services, becomes crucial to democratic politics. Public sector reforms also have emphasized participation by clients, and by the public in general, in the decisions of public organizations, so that accountability now is being exercised downward as well as upward. In some instances, the ability of clientele to exert influence over, and demand accountability from, public organizations has been formalized through advice and consultation institutions, while in other instances the relationships with the stakeholders are more informal and subtle. In all these relationships among clientele and service providers, however, it is clear that the public expects direct accountability from public organizations, and that representative institutions no longer are considered sufficient means of control.

Further, public organizations must find ways to deal effectively with other organizations in their environment that are necessary for the success of their programs. Very few, if any, public sector organizations can now deliver services effectively without cooperating with other organizations, public or private. Even if they could ignore other actors in their policymaking environment, public organizations would probably be ill-advised to consider acting as a “single, lonely organization” and not attempt to work cooperatively with programs and organizations that can make their program more effective (Peters, forthcoming). Thus, public organizations must now respond to pressures coming from a range of political and social actors, and some of those pressures may conflict with traditional forms of control coming from ministers and Parliament. In particular, coordination may diffuse both financial and programmatic lines of control and make it difficult for traditional accountability organizations to assign responsibility for actions. The complexity involved in delivering contemporary public

services now also affects accountability because of the problem of “many hands” (Mulgan, 2000). The long chains of action involved in delivering services, and the number of actors involved in them, makes it difficult to identify the source of any administrative or policy failure, should one occur. As well, the capacity to track the utilization of public money involved in contracts, coordinated service delivery systems and partnership arrangements makes it more difficult to maintain fiscal accountability.

Further, and central to the concerns of this paper, contracting powers granted without close supervision by Parliament, a Minister, or a board of directors may also make maintaining substantive accountability for policy decisions more difficult. These problems, arising from the involvement of multiple actors in the delivery of services, occur as policies are formulated and as the purposes for which contracts and other instruments of governing are being devised, as well as when the programs are being implemented with the contracts or cooperative mechanisms.

Much of the focus on accountability of policy instruments such as contracts has been placed on implementation, but greater concern needs to be raised about the purposes for which these instruments are used and the content of the policy that is being implemented. Although the above-mentioned changes in patterns of governance are relevant, the most significant change affecting accountability in the public sector has been the increasing use of autonomous and quasi-autonomous organizations to deliver public services. A dominant pattern of reform in the public sector has been the creation of “agencies” to deliver public service (Pollitt, Talbot, Caulfield and Smullen, 2004). The Organization for Economic Cooperation and Development (2002) referred to these structures as “Distributed Public Governance,” meaning that tasks that once were housed within Cabinet departments have now been widely dispersed. The public sector has as a consequence become more complex organizationally, with a large number of structures responsible for individual segments of policy, each having varying degrees of connection to public authority. A central justification motivating these reforms has been to separate policy-making and administration, with the presumption that greater managerial freedom would enhance the efficiency of the organizations (Polidano, 1999:3).

The slogan “let the managers manage” is used to justify the increasing power of managers in making decisions within the public sector and consequent weakening of the hierarchical control of ministers over the activities for which they are nominally responsible. The argument in favour of creating agencies and analogous organizations has also been to some degree accountability; at least financial accountability. When a program is located within a larger department, it may be difficult for Parliament or auditors to assess the real costs for that program (Niskanen, 1971:89), because of cross-subsidization and shared overheads. Having each organization as a “tub on its own bottom” makes tracking costs and financial accountability more feasible, although the separation from direct ministerial authority may limit the mechanisms for enforcing accountability. Although separating ministries into numerous separate organizations providing a single service may have improved one aspect of accountability, it appears to have had a negative impact on other aspects. In addition to the complexities identified already, the problem of coordination and the linking of services has been exacerbated by the development of the dispersed model of service delivery. Coordination and coherence have always been difficult in the public sector, but disaggregating ministries has only increased the problems (Mountfield, 2001:43). In accountability terms, the diffusion of responsibility for programs makes it difficult to trace authority and financial flows when managers attempt to overcome the internal divisions of government.

Further, to reach its governance potential, the public sector must develop more coherent policy goals and integrated visions of the future; having multiple poorly coordinated organizations only increases the difficulty in governing in a coherent manner. To some extent, the use of these autonomous organizations is not new in the public sector, and analogous organizations have been used in the past. The logic of the contemporary changes is not dissimilar to that frequently used to justify the creation of agencies, public corporations, “quangos,” and a host of other organizations. Even from the initial use of these formats, there have been significant concerns (Smith and Hague, 1971:90) about the ability of conventional public sector processes to maintain acceptable levels of control over the processes and performance of those organizations. All of these formats involve organizations operating at arm’s length from government and therefore having greater latitude for action; as a result, they also present accountability problems. Most problems of accountability for autonomous organizations have been assumed to be rather familiar ones of “shirking” responsibilities in order to retain budget funds, or perhaps pursuing their own policy interests. The issues at the root of this Commission’s investigation are different, and seemingly more difficult for governments to cope with in the case of organizations such as Crown corporations. The problem encountered in this Inquiry has been an extreme case of “moral hazard” in which the agent pursues its own interests (in this case When autonomous or quasi-autonomous organizations are granted the latitude to make operational, and even strategic, decisions with minimal external supervision, the possibility for actions of this sort will always exist, and so accountability becomes an issue of ensuring conformity to the core policy and administrative values in the public sector, while still maintaining the autonomy considered necessary for efficiency.

To this point, the discussion has dealt with accountability as if the meaning of the term were agreed

upon. In fact, the term accountability is used in at least four ways, each with rather different implications for public administration (Thomas, 2003). We should understand the differences among these concepts and be more careful when discussing accountability, both in academic and practical discourse. Indeed, if one conception of accountability is stressed, then performance on the other dimensions may be undermined. In addition to distinctions among the four versions of accountability, it is important to differentiate accountability from other controls over public organizations, and especially differentiate *ex ante* controls used to shape behaviour from accountability that tends to be largely *ex post*. In general governments have been shifting from *ex ante* to *ex post* controls, allowing greater latitude for organizational leaders, especially for organizations such as the Crown corporations designed to have greater latitude for action, but which must still be held accountable for their actions.

### **Answerability**

The simplest concept of accountability is “answerability,” or the notion that all an organization must do to satisfy its obligations is to answer for its actions. This obligation may be met simply by issuing an annual report, or making a statement to a legislative committee. If the statement is complete and truthful, then the obligation is discharged. The operational factor is transparency, and fear of public exposure of malfeasance may be sufficient to produce appropriate behaviour. This minimalist form of control, or lack thereof, is most commonly used for organizations that either operate primarily in the market or have relatively little public money, as is true for some Crown corporations. Answerability also is appropriate for organizations that are controlled primarily through competitive or mutuality pressures (Hood et al., 2004). Universities, for example, are controlled through peer review and competition for research money and for students, and hence have a relatively light accountability regimen. Further, organizations such as research laboratories and again universities that rely on expertise are generally more capable of escaping direct controls and stringent accountability.

### **Accountability**

Accountability *per se* takes answerability one step further and demands that the individuals or organizations in question not only render an account of action, but that they be judged by some independent body on that action. In particular, accountability has come to mean that the public bureaucracy reports to a political organization, generally the legislature, and that it and the political officials in charge of the organization are scrutinized on their exercise of the public trust. That scrutiny also involves the possibility of sanctions being imposed on the managers or on the organization as a whole. In Westminster systems, the tradition has been that individual public servants would not be held to account in such a manner, although that practice is changing. As noted, however, the conduct of public organizations is now scrutinized by numerous actors in addition to the legislature, and even the legislature itself has been tending to utilize more instruments to exercise its oversight. For example, auditing organizations serving the legislative branch have been invigorated and have added substantial capacity in performance auditing as well as conventional financial auditing. There also has been a proliferation of inspectorates responsible for supervising particular organizations or areas of public policy, with power to sanction as well as simply exposing malfeasance (Power, 1997; Hood et al., 1999). For legislatures, the principal mechanism involved in producing compliance is hierarchy and the associated authority. Bureaucratic organizations, as agents of these legislative organizations, are mandated by law to perform certain acts and are constrained by rules of procedure. The actors involved in oversight therefore have legal standards against which to compare performance; they also have the legal resources to attempt to enforce conformity with the standards.

### **Responsibility**

The term “responsibility” is also often used synonymously with accountability, but its meaning should be differentiated. While accountability is based upon a hierarchical and external relationship, responsibility involves a more inward source of control being exercised over the actions of public servants (Bovens, 1998). The individual public servant is expected to remain responsible to his or her own conception of the law being administered, as well as to an internalized set of values.<sup>1</sup> In this view, the public servant must exercise some personal judgment about appropriate behaviour and may be called upon to make an independent assessment of the legality of the actions that she or he is being mandated to undertake by the Minister. This difference in standards of behaviour in the public service raises the difficult question of whether the public servant, and the public organization, is indeed the servant of the Minister or the servant of the public. The answer to that question in most traditional models of accountability is clearly that the public servant is primarily, or even totally, the servant of the Minister. To the extent that there are judgments made about the public good, those judgments are to be made by the Minister, and a “willing suspension of judgment” may be enshrined in formal statements of constitutional principles. That having been said, however, both changes in the ethos of public servants as members of society and the increased transparency of most political systems have made maintaining internal control over public servants less viable than in the past.



The changes in Government resulting from the New Public Management have attenuated the links between the Minister and the public servant (Pollitt and Bouckaert, 2004). Civil servants may have been more willing to accept the control of their Minister so long as they were in a career structure separated from the outside and the two sets of actors were closely dependent upon one another. As managerial positions in the public sector have been opened to outside competition, senior public managers may no longer share the values of their ministers, or of their colleagues who have spent an entire career in government, and they therefore may be less committed, not only to obedience to their Minister, but also to the ethical principles that have been common within the public service in countries such as Canada.

### **Responsiveness**

Finally, the concept of responsiveness presents perhaps even more complex problems of control for the contemporary public sector. The opening of government and the spread of concepts such as citizen engagement in the industrialized democracies means that citizens feel that public services, and public servants, should be more responsive to them and to their demands. As well as responding to the demands of clients as individuals, public organizations are involved with networks of other public and private organizations, the now famous “stakeholders” in the policy process, that also require the public sector organization at the centre of the process to negotiate over both the formulation and implementation of its policy (Klijn, 1996; Sorenson and Torfing, 2003).

### **Conflicts within components of accountability**

These various components of accountability have the potential to operate differently, and may in practice be antithetical to one another. Perhaps most obviously, if the civil servant wishes to be responsive to his or her clients, then it may be more difficult to be strictly responsible to the laws being administered. The professional dilemma of the street level bureaucrat (Meyers and Vorsanger, 2003) often is which of those two dimensions of accountability should be pursued with the greater vigour. On the one hand, the civil servant may sincerely wish to serve the clientele to the greatest extent possible, and many civil servants bend the law to provide the best possible service, or the most desired outcomes, for their clients. On the other hand, however, he or she knows that there is a legal mandate that must be pursued, and for which he or she is indeed responsible. One important potential conflict for civil servants in these various forms of control is between responsibility and ministerial accountability. Traditional notions of the role of the civil service, and of accountability, involve a certain amount of suspension of individual judgment by civil servants in favour of following ministerial direction. The defense of “an order is an order,” however, is no longer sufficient, and civil servants are expected to be responsible to their own sense of the law and of ethics when administering the law. Few public service systems, however, have not provided individuals with adequate means of coping with what they consider illegal or immoral directions from a superior, nor have they provided those individuals—the “whistleblowers”—adequate protections from subsequent persecution. Further, individual public servants may believe that their primary accountability is to the public and to Parliament, rather than to the Minister. The difficulty in such a conception of accountability is that it is open to individual interpretation. Directions from the Minister should be clear, while the public interest is at best vague and perhaps unknowable in any definitive manner. The instructions and wishes of Parliament may be somewhat less obscure, but those wishes may be less immediate than those of a Minister. In autonomous organizations, such as Crown corporations, the multiple responsibilities of public employee may be even more difficult to untangle, given the existence of a board of directors, and the need to make the organization conform to market principles.

### **Accountability and many hands**

When public organizations are operating within institutionalized networks of interests and must bargain with those interests, while being to some extent at least responsive to the wishes of those social partners, it may become difficult to maintain the sense of the public interest (Kearns, 2003). This difficulty in pursuing their own definition of the public interest may be especially apparent when the public servants are involved with other public and quasi-public organizations, all of whom may also claim to speak for the public as a whole. One of the major management and accountability issues for the contemporary public sector, therefore, appears to be balancing a sense of the public interest at a broad level with the particular responsibilities and demands of individual organizations.

The expansion of the number of actors involved in accountability also means that public servants and their organization may be pressured to account for their actions and to defend them from different directions. Most importantly, adequate performance for one of those actors may be malfeasance or nonfeasance for another. One rather egregious example of multiple accountabilities occurred in the recent tsunami disaster in Asia. Immediately after the tsunami struck the resorts in Thailand, it appeared that thousands of vacationing Swedes had been killed or injured. The government did not, however, respond immediately because some public servants

(being responsible to law) said that there was no authorization to spend public money for the purpose of sending relief planes. Responsiveness to public demands quickly defeated that position (once ministers returned from the Christmas holidays), but at least 36 hours were lost.

### **Assessing accountability**

An altogether different exercise is the assessment of the adequacy of a particular accountability arrangement or of a complete accountability regime to which a particular agency or sector is subject. Here we leave the realm of empirical description and enter the world of evaluation and ultimate prescription. This is much more a matter of degree and these assessments follow the logic of more-or-less (Sartori 1979:1039). This evaluation can proceed at least two levels. First of all, one could undertake a more internal, procedural evaluation of the propriety of a particular accountability mechanism or of a specific, concrete accountability process. This could be called procedural or internal adequacy. Second, one could evaluate accountability arrangement or regimes on a more systemic level and focus on the external effects of the accountability processes. This could be called systemic or external adequacy. In this case the evaluation is based on the functions that accountability arrangements fulfill in political and administrative systems.

## **RESEARCH METHODOLOGY**

### **Research design**

Research design is a master plan of the methods used to collect and analyze the data in order to verify the hypotheses. Purposefully, Nachmias and Nachmias (1976:29) explained research design as a model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation.

The researcher used descriptive and survey designs in this study. The descriptive design is applied to facilitate the research to identify the present position of Nigerian public accounts committee functions and public accountability. While the survey design is used to collect the primary data representing a cross-section of the target population of Nigerian Public Accounting Officers/Accountants and Auditors.

The required data is all about the extent public accounts committee has impact on public accountability in Nigeria; impact of public accounts committee on transparency and accountability in Nigeria; and the significance of public accounts committee function for public accountability over financial crimes in Nigeria. Nevertheless, the data is used descriptively on the issues examined.

### **Population of the study**

The target population of this study consists of mainly public accounting officers/accountants and auditors in Nigeria. Therefore, the study subjects were chosen from the public sector Accounting officers/Accountants and Auditors. The size of the primary survey of this research, numbered seventy-six (76) prospective respondents taken from the following government establishments of which the researcher has access:

- ❖ PAC members in Federal/State governments
- ❖ Office of the Accountant – General of the Federation
- ❖ Office of the Auditor-General for the Federation
- ❖ Federal Ministry of Education
- ❖ Federal Ministry of Interior Affairs
- ❖ Federal Ministry of Works
- ❖ Federal Ministry of Health
- ❖ Federal Ministry of Power and Energy

### **Sample and sampling procedure**

Sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen (William, 2006:20). Since this research focused on the functional impact of PAC on public accountability over rampant financial crimes in Nigeria, non-probability sampling method is employed to select the samples. According to Emory (1980:177), purposive samples normally involve a more deliberate effort to secure a sample that conforms to some predetermined criteria. Thus, the selection of the study subjects from the target population were purposively selected because they proffer facts and insight sought in the research. Besides, the purposive sampling made it possible to reach public accounting officers/accountants and auditors who have had interactions with public accounts committee.

In line with any sampling method applied in a research, Baridam (1990:75) emphasized that there is no 'best' method of drawing a sample from the population of interest. The nature and purpose of the study should dictate the sampling method to be used". Hence, purposive sampling method is applied in this research to select the study samples from the population of interest. Therefore, the sample design for this study is indicated in table 3.1 below, given the sample distribution of the study subjects. From the sampling distribution of subjects, we

have a total of seventy-six (76) sample size chosen, which is based on availability and statistical test requirement.

### **Instrumentation**

Applying a strategy to get required information, the main instrument used in this study is the questionnaire, which is composed of features. The features that made up the questionnaire were designed to answer dichotomous questions which take the form of “Yes” or “No” response; and open-ended multiple choice questions with specific requirements.

In the measurement of the variables, ordinal and nominal scales are used. Ordinal scale is used by assigning numbers to each scale value to show the rank order from no extent to great extent values. That is, not at all extent = 0; slight extent = 1; moderate extent = 2; considerate extent = 3; and great extent = 4. Thus, values are assigned to ordinal scale and become possible to obtain data and analyze the relationships between the variables that ordinally scaled by using a statistical procedure. Also, nominal scale is used to generate quantitative data by simply counting the number of subjects that are classified in each of the categories contained in Yes/No scales. The frequency of each response category to a questionnaire item are presented and interpreted. Hence questionnaire is the major instrument used for the data collection.

### **Validity and reliability of instrument**

Validity is the extent to which a test measures what it claims to measure. It is vital for a test to be valid in order for the results to be accurately applied and interpreted. Hence, validity is an important construct in the measurement of research variables. It is the extent to which a test measures what is supposed to measure (Baridam, 1990:66). The issues involved in this research include: the function of Nigerian public accounts committee; PAC and Auditor-General relationship; PAC work performance; PAC review of financial activities; PAC evaluation of administrative activities; Accountability and popular control; Accountability and equilibrium of power; and Accountability and reflective governance. These issues are operationalized and measured based on the functional role of Nigeria Public Accounts Committee (PAC) in order to assess its impact on public accountability over financial crimes. For this reason, the design of the questionnaire is made to have construct validity meaning the degree to which a particular test can measure a hypothetical construct (Baridam, 1990:68).

Nevertheless, the data generated from the constructs were used descriptively. To achieve this objective, the questions were simplified in order to administer the questionnaire effectively for better understanding before response. Hence, the questionnaire also has face validity, which is concerned with the researcher’s subjective evaluation of the validity of a measuring instrument. However, the issues investigated were made clear so as to avoid distortion.

Reliability is another important construct in the measurement of research variables. It is the extent to which a measuring instrument is consistent in measuring whatever it measures. A measure is said to be reliable if it is consistently reproducible. (Baridam, 1990: 66, 69). Hence, to check the reliability of responses, each sample subject was cross-examined in order to ensure data collected are consistent and precise. Hence, there is an acceptable reliability of information obtained.

### **Method of data collection**

A questionnaire method is used to collect the data from the selected subjects. The questionnaire contains thirty-five (35) items, which were administered to eighty-five (85) public accounting officers/accountants and auditors based on the list of Federal government establishments within Rivers and Bayelsa states. However, seventy-six (76) usable questionnaires provided the database (given a 89% response rate). Nevertheless, the researcher also employed face-to-face interview method to cross-examine the respondents in order to ensure data collected is authentic. In line with this method of data collection, Baridam (1990:83) stressed the need that “Questionnaires and interviews are most used when the researcher wants to find out a person’s knowledge, motivations, anticipations, attitudes, beliefs, feelings, future plans or past behaviors”.

For the purpose of analysis as per category of issues investigated, a frequency count of each questionnaire items is made. Table 3.2 indicates the specification of questionnaire items per category of issues investigated.

### **Method of data analysis**

The data obtained from the frequency count of each response are classified into categories of Public Accounting officers/Accountants and Auditors respectively, Ordinal and nominal scales of measurement were used to generate quantitative data. The frequencies in each category are being used for analysis to answer the research questions and verify the hypotheses.

According to Lind and Mason (1997:416), the chi-square goodness-of-fit test is one of the most commonly used nonparametric tests and it is appropriate for nominal and ordinal levels of data. Chi-square goodness-of-fit as the name implies, is purposeful to determine how well an observed set of data fits an expected

set of data. For this reason, chi-square analysis is used to test the significance of the data to weigh the evidence obtained from the data before reaching conclusion. However, the coefficient of contingency is applied to determine how well the observed relationship between the dependent and independent variables is strong or weak.

The chi-square is designated as “ $X^2$ ” and is computed by:

$$X^2 = \sum (f_o - f_e)^2 / f_e$$

with  $k - 1$  degree of freedom where,

$f_o$  is an observed frequency in a particular category

$f_e$  is an expected frequency in a particular category

$k$  is the number of categories.

The chi-square output model is evaluated at 0.05 level of significance.

## DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

### Data Presentation

To present the data in an effective way, the results of the measures are summarized in a tabulated form. Thus, the data obtained from the following measures are summarized under the issues being investigated in this study.

- (I) Significant relationship between public accounts committee and public accountability in Nigeria is operationalized and measured in terms of:
  - Functions of PAC
  - PAC & Auditor-General relationship
- (II) Impact of public accounts committee on transparency and accountability in Nigeria is defined and measured in terms of:
  - PAC work performance
  - PAC review of financial activities
  - PAC evaluation of admin. activities
- (III) Significance of public accounts committee function for public accountability over financial crimes in Nigeria is operationalized and measured in terms of:
  - Accountability and Popular control
  - Accountability and Equilibrium of Power
  - Accountability and Reflective governance

### Functions of Public Accounts Committee

The committee deals with appropriation of government funds, the report of the Auditor-General and other related matters as the Commissioner of finance may refer to the committee. Among other things, PAC scrutinize money shown in the accounts whether it is officially funded by Authority to incur expenditure (AIE) and applicable to the service or purpose to which they have been charged. PAC's function also examines the statements of accounts showing the income and expenditure of autonomous and semi-autonomous bodies the audit of which may be conducted by the Auditor-general under the direction of statutory requirement. The issue is that to what extent PAC carries out these functions and what impact on public accountability to serve as hedge to financial crimes in Nigeria? The data on table 4.1 will confirm the extent to which PAC function has impact on public accountability.

From the data on Table 4.1, a total of 268 out of 532 responses (50%) indicate to a considerable extent that PAC function has effect on public accountability, while only 2 out of 532 responses (0.3%) indicate to no extent. This suggests that the function of PAC to a considerable extent has effect on public accountability in Nigeria. For instance, about 98% response of questionnaire item number 5, confirmed that to a considerable extent PAC examines financial statements of government corporations and project works carried out, and follow-up to ascertain if at all the accounts were prepared under the provisions of the statutory rules in accordance with due process.

### PAC and Auditor-General relationship

To ensure public accountability over financial crimes in Nigeria, the PAC is the primary audience of the Auditor-General. Therefore, it is vital that a cordial relationship exist between the two. The point is that while PAC depends on high quality audit reporting to be effective, the Auditor-General on the other hand, requires an effective PAC to ensure that departments take audit outcomes seriously. The question is, to what extent PAC maintained a cordial relationship with Auditor-General to ensure public accountability in Nigeria? Table 4.2



presents data that indicate the extent to which PAC maintains a cordial relationship with Auditor-General in Nigeria.

The data on table 4.2 indicates that 150 out of 518 responses (28%) confirm to a great extent about the relationship between PAC and Auditor-General. While 108 out of 518 responses (20%) indicate to slight extents. This shows that in Nigeria, PAC maintained a relationship with Auditor-General but not cordial.

### **PAC work performance**

In ideal situation, there are mechanisms set in place for the measurement of PAC performance, so that its function is effective. Thus, PAC function ensures that all erring Accounting officers are included in their report and recommendations for necessary action. Hence, PAC must have the opportunity and resources to effectively examine any fiscal report that it deems necessary. In this regard, how effective did PAC carry out its function in Nigeria? The result of the survey on this issue is summarized on table 4.3.

Taking a critical look at table 4.3, the data indicate 50% Vs 49% respective responses of positive and negative opinions about Nigerian PAC work performance. This suggests that the credibility of PAC function in Nigeria is debatable. For instance, 100% response indicates a negative opinion that there are no mechanisms in place to measure PAC performance in Nigeria. While 100% response indicate a positive opinion that PAC scrutinize all the reports prepared by Auditor-General.

### **PAC review of financial activities**

Under normal circumstances, PAC usually reviews the information in the public accounts for reliability and appropriations. Hence, matters raised in the Auditor-General's annual report are reviewed so as to deal with financial issues accordingly. To this effect, PAC examines past and committed expenditures as they relate directly to and have an impact on matters falling within the year under review for proper understanding. Is this also applicable to Nigerian PAC's practice? The outcome of the survey is summarized on table 4.4.

The data on table 4.4 (see appendix) indicates that 214 out of 294 responses (72%) show affirmative sense that PAC review financial activities in Nigeria. For instance, 100% response confirm that PAC review matters raised in the Auditor-General's annual report so as to deal with financial issues accordingly in Nigeria. Nevertheless, 80% indicate negative response about Nigerian PAC function of examining past and committed expenditures. This suggests that there are lapses in Nigerian PAC function to minimize financial crimes which may be involved in past and committed expenditures that fall within the year required to be reviewed.

### **PAC evaluation of administrative activities**

For PAC function to have impact on public accountability, proper evaluation of administrative activities must take effect. Therefore, it is equitable on the part of Public Accounts Committee to evaluate the collection and accounting for revenues; examine the probity and value for money in tax expenditures; evaluate the adequacy of safeguarding assets from loss, waste and misappropriation; and examine whether appropriate financial management controls are in existence or not. Does Nigerian public accounts committee carry out such demanding functions in evaluating administrative activities? The result of the survey on this issue is summarized on table 4.5.

Table 4.5 shows that 182 out of 304 (59%) indicate negative response of effective PAC function on evaluating administrative activities, while 40% give affirmative response. This suggest that even though Nigerian PAC system observe the practice of evaluating administrative activities, it is not done effectively or absolutely to make impact on public accountability. For instance, 100% response (of questionnaire item number 26) indicates that Nigerian PAC does not examine whether appropriate financial management controls are in existence or not. This confirms negligence on the part of PAC, which might have paved way for financial crimes in Nigeria.

### **Accountability and popular control**

Significance of public accounts committee for reduction of financial crimes involve accountability and popular control. That is to say, creating accountability forum in which actors with democratic legitimacy participate and rely on having an adequate information position and enforceable sanction options at their disposal. Among other things, accountability forums have enough inquisitive powers to reveal corruption or mismanagement in Nigeria. Table 4.6 summarized the results of the survey on accountability and popular control practice in Nigeria.

From the data on table 4.6, we have 148 out of 224 responses (66%) indicate that there is accountability forum and popular control in Nigeria. While 34% response disagree. Examining the data, about 100% response agree that accountability arrangements indirectly provide information to democratically legitimize actors about the propriety and the effectiveness of the conduct and actions of government bodies. Nevertheless, 59% response indicate that such accountability forum observed in Nigeria never offer enough incentives to agents to commit themselves to the agenda of their democratically elected principals.

### **Accountability and equilibrium of power**

In actual practice, accountability forums have a enough inquisitive powers to reveal corruption or mismanagement in Nigeria. Under normal conditions, the administrative bodies should have incentives to engage in proactive and sincere account giving in any case. The issue is, does accountability arrangement help to discourage corruption and improper governance in Nigeria state? The outcome of the survey is summarized on table 4.7.

It is conspicuous that the data on table 4.7 helps to interpret the practice of accountability and equilibrium of power. About 57% responses indicate no genuine practice of accountability and equilibrium of power in Nigeria, while 43% response indicates affirmative opinion. Digressing further on the data presented, 60% response signifies that the accountability arrangement does not help to discourage corruption and improper governance in Nigeria. This suggests that the accountability arrangement is not effective but rather it is a formality to fulfill assumed obligation.

### **Accountability and reflective governance**

Accountability arrangement contributes to the availability of information about former and current administrative actions for the administrative body involved and a wider range of administrative bodies. The accountability arrangement stimulates internal reflection and the ensuing learning conduct in administrative bodies and those holding public office. Does the accountability arrangement stimulate the accountability forums and the administrative actors to supervising the institutionalization and dissemination of lessons learned? Table 4.8 presents the result of the survey on accountability and reflective governance in Nigeria.

The data on table 4.8 indicate 79% negative and 21% positive responses against the practice of accountability and reflective governance in Nigeria. For instance, 100% response (item no. 33) shows negative opinion about the practice of accountability arrangement, which could have contributed to the availability of information about former and current administrative actions. It is therefore clear that Nigeria system of governance lack genuine and adequate accountability arrangement in order to curb financial crimes.

### **Data Analysis**

Analysis of data involves the use of data obtained and presented to the test the hypotheses formulated in the study, which is based on impact assessment of public accounts committee function on public accountability over financial crimes. This includes the relationship between the function of public accounts committee and public accountability in Nigeria; significant impact of public accounts committee function on transparency and accountability in Nigeria; and great significance of public accounts committee function for public accountability over financial crimes in Nigeria.

The chi-square goodness-of-fit test, which is an appropriate non-parametric test, is used to determine how well an observed set of the data fits an expected set of data. Hence, the chi-square analysis is used to test the significance of the data to weigh the evidence obtained from the data before reaching conclusion.

### **Testing of hypothesis 1**

The study proposed hypothesis (**H1**), to examine if “There is a positive and significant relationship between the function of public accounts committee and public accountability in Nigeria”. This is determined by the extent to which public accounts committee function has impact on public accountability in Nigeria. It is therefore measured in terms of the functions of PAC, and the relationship between Public accounts committee and Auditor-General.

The summary results of the survey are shown on table 4.9, which indicates the extent PAC function has impact on public accountability in Nigeria and the details of the relationship between them. The value of the chi-square analysis  $X^2 = 72.19$ , and the critical value is 9.49 for 4 degrees of freedom at 0.05 level of significance. This gives us ample evidence to believe that there is a positive and significant relationship between public accounts committee function and public accountability in Nigeria. Therefore, the alternate hypothesis (**H1**) is accepted based on the criteria that the calculated value (72.19) is greater than the critical value (9.49).

A careful examination of Table 4.9, (51%) confirm to a considerable extent that public accounts committee function has impact on public accountability. If there is no relationship whatsoever between PAC function and public accountability, it can be expected, thus, that 51% of the 5 responses would indicate to no extent. Hence, the expected frequency for that cell is 3. However, from the table we have 268 out of 532 responses (50%) indicate to a considerable extent that there is a relationship between PAC function and public accountability. On the other hand, 49% responses confirm the collaborative effort between PAC and Auditor-General towards the enhancement of public accountability.

Based on the above findings it is necessary to test the relationship between PAC function and public accountability whether it is strong or weak. Measuring the strength of correlation between PAC function and public accountability in Bayelsa will help us to ascertain if the revealed relationship is strong or not. Hence, the

coefficient of contingency symbolized by “C” is applied to measure the correlation between the two variables.

$$C = \sqrt{\frac{x^2}{n - x^2}}$$

where X = calculate chi-square and n = grand total. Thus, we have

$$C = \sqrt{\frac{72.19}{1050 - 72.19}} = \sqrt{0.0738} = 0.27$$

In the measurement of correlation between two variables, zero signifies a very weak relationship, while 1.0 indicates a very strong relationship. The closer the value of ‘C’ to 1.0, the stronger the relationship of the variables being considered (Baridam, 1990:185). From the calculation of coefficient of contingency, C = 0.27. This result shows a very weak correlation between Public accounts committee function and public accountability. The weak association between the two variables may be explained by lack of cordial relationship maintained between PAC and Auditor-General, as well as lack of efficient and effective approach to carry out PAC functions in Nigeria.

### Testing of hypothesis 2

The second hypothesis (H2) this study proposed is to examine whether “There is a significant impact of public accounts committee function on transparency and accountability in Nigeria”. This is investigated in terms of PAC work performance; PAC practice of reviewing financial activities; and PAC practice of evaluating administrative activities. The summary results of the survey on this proposition are shown on Table 4.10.

The chi-square analysis  $X^2 = 66.11$ , and the critical value is 5.99 for 2 degrees of freedom at 0.05 level of significance. This reveals that there is a significant impact of public accounts committee function on transparency and accountability in Nigeria. Therefore, the alternate hypothesis (H2) is accepted based on the criteria that the calculated value (66.11) is greater than the critical value (5.99).

As can be seen from table 4.10, 51% response positively and 49% response express negative opinion on PAC work performance. This revealed that Nigerian PAC work performance is not good enough to enhance transparency and accountability in the state. However, 72% response shows that PAC does review financial activities; while 60% response disagrees that PAC never give consideration to evaluate administrative activities in Nigeria.

### Testing of hypothesis 3

The third hypothesis this study proposed is to examine if “There is a great significance of public accounts committee function for public accountability over financial crimes in Nigeria”. Basically, the study looks into this issue in terms of accountability and popular control; accountability and equilibrium of power; and accountability and reflective governance. The table 4.11 summarized the results of the survey carried out on significance of public accounts committee function for public accountability over financial crimes in Nigeria.

The summary results of the survey data on table 4.11, 66% give affirmative response on accountability and popular control. This reveals that accountability offers actors with democratic legitimacy possibilities to control administration, policy and organization. However, in reality such practice is minimal in Nigeria compared to the degree to which accountability arrangements or regimes directly or indirectly contribute to the possibilities for actors with democratic legitimacy to monitor, evaluate and adjust the propriety and effectiveness of government conduct. As can be seen on table 4.11, 57% response indicates negative opinion about accountability and equilibrium of power. In respect of constitutional perspective, accountability is essential in order to withstand the ever-present tendency toward power concentration in the executive. But there is no seriousness in observing accountability and equilibrium of power, undermining the fact that accountability forums are able to contribute to the prevention of corruption and the abuse of powers. Regarding accountability and reflective governance, 79% response indicates negative opinion on table 4.1. This means the learning perspective of political administrators in Nigeria is absent minded. Otherwise, accountability arrangements stimulate administrative bodies and officials to achieve a higher awareness of the environment, increase self-reflection and induce the ability to change. Hence, accountability is an essential condition for learning by administrative bodies and holders of executive positions.

### Discussion of findings

The results of the study provided empirical evidence that verified the hypotheses proposed and answers the research questions. The findings, inter alia, revealed that there is a positive and significant relationship between public accounts committee function and public accountability. However, the correlation coefficient computation

of 0.27 shows that the relationship between the function of public accounts committee and public accountability is very weak. The study revealed that PAC system in Nigeria lacks efficient and effective approach to enhance public accountability as a result of overlooking at certain issues, which require rapt attention. The findings revealed that PAC maintained relationship with Auditor-General, but not cordial. Then PAC follow-up of Auditor-General annual report would not be as serious as ensuring accountability according to public demand. Because, accountability serve as an instrument to enhance the effectiveness and efficiency of public governance, which supposed to have being the state goal.

Transparency and accountability in Nigeria: The study revealed that there is a significant impact of PAC function on transparency and accountability. The findings of PAC work performance revealed that the committee actually carry out a measure of statutory duties but not good enough to enhance transparency and accountability. Thus, the credibility of PAC function in Nigeria is debatable. Besides, there is no mechanism set in place to measure PAC performance in Bayelsa. Normally, PAC reviews financial activities but very slack in following up reports and recommendations made by the committee itself. Hence, no much consideration given to evaluate administrative activities. In other words, there are lapses in PAC function to minimize financial crimes which may involve in past and committed expenditures that fall within the year required to be reviewed. Furthermore, from all indications of the study, Nigerian PAC does not examine whether appropriate financial management controls are in existence or not. This is not encourageable to enhance transparency and accountability in order to over come financial crimes in Nigeria.

The study findings also indicate that there is a great significance of public accounts committee function for public accountability over financial crimes in Nigeria. The fact is that accountability offers actors with democratic legitimacy possibilities to control administration, policy and organization. However, it was observed that such practice is minimal in Nigeria when compared to the degree to which accountability arrangements or regimes directly or indirectly contribute to the possibilities for actors with democratic legitimacy to monitor, evaluate and adjust the propriety and effectiveness of government conduct. Regarding the power concentration in the executive, there is no check on accountability and equilibrium of power, forgetting that accountability forums are able to contribute to the prevention of corruption and the abuse of powers. However, this study does not overrule the performance of PAC but the seriousness in pursuance of mandatory functions in ideal situation does not exist. In spite of this, accountability and reflective governance is also lacking for the fact that learning perspective of political administrators in Nigeria is not encouraging. Genuine accountability arrangements stimulate administrative bodies and officials to achieve a higher awareness of the environment, increase self-reflection and induce the ability to change. Indeed, it is an essential condition for learning by administrative bodies and holders of executive positions.

The extent PAC function actually ensures public accountability in Nigeria: Though, the study findings revealed that to a considerable extent there is a relationship between PAC function and public accountability, efficiency and effectiveness are being absorbed by political party influences, carry-go concept and man-know-man phenomenon through out the country. Therefore, to a moderate extent PAC functions ensure public accountability in Nigeria.

PAC functions and the Auditor-General's independent support. Auditor-General acts as an independent auditor to the government in order to protect the interest of the public. But think of a situation where an auditor who performs independent duties is made dependent, then, it is quite clear that the auditor is restricted to a limit in expressing his opinion. It is a known fact that PAC relies on the annual reports of the Auditor-General whose duties are restricted below his capacity, and then this will actually affect an absolute annual report for PAC to work on. If this would be the case, then PAC's work would be perfunctory just to fulfill an obligation, which can never make a tremendous impact on public accountability in Nigeria. Hence, from time to time Nigeria loses a great deal of public funds and operational assets. Thus, the supporting function of the auditor general to the PAC needs not to be over emphasized. The office of the auditor general is the primary resource available to PAC, who depends on the nature and extent of expertise in the audit institution, of which PAC has access to substantial logistical and technical support.

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **Summary**

The PAC is a particularly important and venerable committee of legislature. It is placed at the apex of legislative oversight of public finances. From the discussion of findings in the previous chapter, the study discovered that there is a positive and significant relationship between PAC function and public accountability. Though the relationship is very weak due to lack of maintaining cordial between them. Not only that, Nigerian PAC lacked systematic approach in carrying out its function to enhance public accountability.

The study findings also revealed that PAC in actual function carry out a measure of statutory duties but not good enough to enhance transparency and accountability in Nigeria. It was also observed that there are lapses in PAC function to minimize financial crimes which may involve in past and committed expenditures. However,



the study revealed that there is great significance of PAC function for public accountability over financial crimes in Nigeria. Thus, awareness has been created of PAC functions and its importance in the role of enhancing transparency and accountability in Nigeria. There is no check on accountability and equilibrium of power, therefore, under mind that accountability forums are able to contribute to the prevention of corruption and the abuse of powers.

Regarding accountability and reflective governance, the study also observed that there is no much learning perspective of political administrators in Nigeria. Otherwise, accountability arrangements could have stimulated administrative bodies and officials to achieve a higher awareness of the environment, increase self-reflection and induce the ability to change. Nevertheless, among other things, the study unraveled the fact that PAC function to a moderate extent enhanced public accountability in Nigeria. Finally, the study discovered that Auditor General dependency on auditees is not helping matters with due regard to giving adequate support to the PAC in terms of producing absolute annual report.

### Conclusions

The research study has examined the functional impact of PAC on public accountability over financial crimes in Nigeria. Although, our data centered mainly on some selected Federal government accounting officers/accountants and auditors in as the researcher's accessible population in Nigeria, it is believed that the information obtained may not be very different from others. Hence, the findings of the study revealed that there is a positive functional impact of PAC on public accountability over financial crimes in Nigeria.

However, the study focused on the following ideas: (1) there is a positive and significant relationship between the function of public accounts committee and public accountability in Nigeria; (2) there is a significant impact of public accounts committee function on transparency and accountability in Nigeria; and (3) there is a great significance of public accounts committee function for public accountability over financial crimes in Nigeria.

The analysis of the data obtained from the survey positively supports all the propositions. This is evidenced by the findings that to a moderate extent PAC function have impact on public accountability over financial crimes in Nigeria. Being exposed to the international standard of PAC functions to enhance public accountability, it has made a strong impression on Nigeria political administrators, accounting officers/accountants and auditors in federal government. Outstandingly, it offers us the knowledge of skillful approach to the requirements of accountability and popular control; accountability and equilibrium of power; accountability and reflective governance; etc. We should therefore, conclude that the function of PAC to a moderate extent has impact on public accountability over financial crimes in Nigeria.

### Recommendations

With regards to the findings of the study just concluded, we recommend the following suggestions to enhance public accountability over financial crimes in Nigeria.

1. A cordial working relationship between the PAC and the auditor general should be maintained.
2. It is high time for us to practice our indigenous Audit Act that will make the office of the Auditor-General independent body. That is only when anti-corruption goals would be visualized.
3. The PAC should be engaged in a constant exchange with the auditor general to ensure that information is provided when it is needed, and in an accessible and useful format.
4. PAC deliberations should be open to the media and the interested public and any exceptions from this rule need to be thoroughly justified, reasonably justifiable, and limited to exceptional circumstances.
5. Nigerian PAC should be increasingly concerned with assessing whether the state government obtained value for money in public spending.
6. PAC should look into the aspects of evaluating collection and accounting for revenues; examine the probity and value for money in tax expenditures; evaluate the adequacy of safeguarding assets from loss, waste and misappropriation; and examine whether appropriate financial management controls are in existence or not. Thus, proper evaluation of administrative activities could be effective.
7. There should be genuine practice of accountability and equilibrium of power so that power concentration in the executive is checked to pave way for accountability forums to contribute to the prevention of corruption in Nigeria.
8. There is a great need of accountability and reflective governance so that learning perspective of political administrators in Nigeria should be encouraged, increase self-reflection and induce the ability to change.

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## GLOSSARY

### Definition of terms

For clarity purpose of the subject matter, the following key terms used in this study are conceptually defined.

**Administrative Accountability:** This is a wide range of quasi-legal forums exercising independent and external administrative and financial supervision and control, has been established in the past decades – some even speak of an "audit explosion" (Power, 1994).

**Assessment:** An opinion about something that has been thought about very carefully (Hornby 2006:75).

**Financial Crimes:** These are acts of fraudulent practices that include money laundering, shady deals, embezzlement, sharp practice of dishonest gains, etc.

**Impact:** This means creating strong impression or effect on things or persons. For example, the impact of new ideas on backward race of people.

**Political Accountability:** Is an extremely important type of public accountability within democracies. Here, accountability often can be interpreted as a chain of principal agent relations (Strom 2000).

**Professional Accountability:** Many public managers are, apart from being general managers, professionals in a more technical sense. They have been trained as engineers, doctors, veterinarians, teachers, or police officers (Abbot, 1988; Freidson, 2001). This may implies accountability relationships with professional associations and

disciplinary tribunals.

**Public Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**Public Accounts Committee:** This is an important and venerable institution of parliament. It is placed at the apex of legislature oversight of public finances.

**Public Interest:** This is bound closely to the need of maintaining the proper use of public authority for public purpose.

**Social Accountability:** In reaction to a perceived lack of trust in government, there is an urge in many western democracies for more direct and explicit accountability relations between public agencies on the one hand and clients and civil society on the other hand (McCandless, 2001).

**Transparency:** Given account in a clear view of the events or activities taken place in an organization or establishment.

**Table 3: Sampling distribution of study subjects**

Public Sector (Federal/State)	Number
Auditors	46
Accounting officers/Accountants	30
	76

**Table 3.2:**

Specification of questionnaire items per category of issues investigated

Issues	No. of Items	Questionnaire items						
		1	2	3	4	5	6	7
Functions of PAC	(6)	1	2	3	4	5	6	7
PAC & Auditor-General relationship	(6)	8	9	10	11	12	13	14
PAC work performance	(3)	15	16	17	18			
PAC review of financial activities	(3)	19	20	21	22			
PAC evaluation of admin. activities	(3)	23	24	25	26			
Accountability and Popular control	(3)	27	28	29				
Accountability and Equilibrium of Power	(3)	30	31	32				
Accountability and Reflective governance	(3)	33	34	35				

*PAC – Stands for Public Accounts Committee.*

**Table 4.1: Assessment of Public Accounts Committee functions**

Item No.	Extent					Total
	N	S	M	C	G	
1	-	-	-	76	-	76
2	-	-	-	40	36	76
3	-	-	38	38	-	76
4	-	-	37	39	-	76
5	1	-	-	75	-	76
6	-	-	31	-	45	76
7	1	37	-	-	38	76
<b>Total</b>	<b>2</b>	<b>37</b>	<b>106</b>	<b>268</b>	<b>119</b>	<b>532</b>

Source : Survey data, 2009.



Legend: N = not at all/not applicable; S = slight extent;  
 M = moderate extent; C = considerable extent  
 G = great extent.

Table 4.2  
 Relationship between Public Accounts Committee and Auditor-General

Item No.	Extent					Total
	N	S	M	C	G	
8	1	37	-	-	35	73
9	-	-	37	-	39	76
10	-	-	-	38	36	74
11	2	-	-	74	-	76
12	-	-	-	38	37	75
13	-	38	35	-	-	73
14	-	33	38	-	-	71
<b>Total</b>	<b>3</b>	<b>108</b>	<b>110</b>	<b>150</b>	<b>147</b>	<b>518</b>

Source : Survey data, 2009.

Table 4.3  
 Assessment of PAC work Performance

Item No.	Options		Total
	Yes	No	
15	-	76	76
16	38	34	72
17	37	38	75
18	76	-	76
<b>Total</b>	<b>151</b>	<b>148</b>	<b>299</b>

Source : Survey data, 2009.

Table 4.4  
 PAC practice of reviewing financial activities

Item No.	Options		Total
	Yes	No	
19	51	19	70
20	76	-	76
21	15	61	76
22	72	-	72
<b>Total</b>	<b>214</b>	<b>80</b>	<b>294</b>

Source : Survey data, 2009.

**Table 4.5**  
 Public accounts committee evaluation of administrative activities

Item No.	Options		Total
	Yes	No	
23	33	43	76
24	57	19	76
25	32	44	76
26	-	76	76
<b>Total</b>	<b>122</b>	<b>182</b>	<b>304</b>

Source : Survey data, 2009.

**Table 4.6**  
 Practice of accountability and popular control

Item No.	Options		Total
	Yes	No	
27	42	31	73
28	76	-	76
29	30	45	75
<b>Total</b>	<b>148</b>	<b>76</b>	<b>224</b>

Source : Survey data, 2009.

Table 4.7  
 Practice of accountability and equilibrium of power

Item No.	Options		Total
	Yes	No	
30	36	40	76
31	32	44	76
32	30	46	76
<b>Total</b>	<b>98</b>	<b>130</b>	<b>228</b>

Source : Survey data, 2009.

Table 4.8  
 Practice of accountability and reflective governance

Item No.	Options		Total
	Yes	No	
33	-	76	76
34	24	50	74
35	24	51	75
<b>Total</b>	<b>48</b>	<b>177</b>	<b>225</b>

Source : Survey data, 2009.

**Testing of hypothesis 1:** The study proposed hypothesis (H1), to examine if “There is a positive and significant relationship between the function of public accounts committee and public accountability in Nigeria”.

Table 4.9  
 Public accounts committee function and public accountability in Nigeria.

Measures of Assessment	Extent of PAC function on Public Accountability					Total
	N	S	M	C	G	
PAC Functions	2(3)	37(74)	106(110)	268(213)	119(136)	532(51%)
PAC & AG	3(2)	108(71)	110(106)	150(205)	147(130)	518(49%)
<b>Total</b>	<b>5</b>	<b>145</b>	<b>216</b>	<b>418</b>	<b>266</b>	<b>1050</b>

Source : Summary data on Tables 4.1 and 4.2

Applying the chi-square goodness-of-fit test, we have the following analysis of the observed frequencies ( $f_o$ ) and the expected frequencies ( $f_e$ ) for all the cells in Table 4.9.

$f_o$	$f_e$	$f_o - f_e$	$(f_o - f_e)^2$	$(f_o - f_e)^2 / f_e$
2	3	-1	1	0.33
37	74	-37	1369	18.50
106	110	-4	16	0.14
268	213	55	3025	14.20
119	136	-17	289	2.12
3	2	1	1	0.50
108	71	37	1369	19.28
110	106	4	16	0.15
150	205	-55	3025	14.75
147	130	17	289	2.22
1050	1050	0		72.19

Expected cell frequency  $X^2 = 72.19$ ,

Critical value (p 0.05, 4df)  $X^2 = 9.49$

The value of the chi-square analysis  $X^2 = 72.19$ , and the critical value is 9.49 for 4 degrees of freedom at 0.05 level of significance. This gives us ample evidence to believe that there is a positive and significant relationship between public accounts committee function and public accountability in Nigeria.

**Testing of hypothesis 2:** The second hypothesis (**H2**) this study proposed is to examine whether “There is a significant impact of public accounts committee function on transparency and accountability in Nigeria”. This is investigated in terms of PAC work performance; PAC practice of reviewing financial activities; and PAC practice of evaluating administrative activities. The summary results of the survey on this proposition are shown on Table 4.10.

Table 4.10: PAC function on transparency and accountability in Nigeria

Measures of PAC Practice	Options		Total
	Yes	No	
PAC Performance	151(161)	148(135)	299(33%)
PAC Review	214(161)	80(135)	294(33%)
PAC Evaluation	122(166)	182(139)	304(34%)
Total	487	410	897

Source : Summary data on Tables 4.3, 4.4, and 4.5



Applying the chi-square goodness-of-fit test, we have the following analysis of the observed frequencies ( $f_o$ ) and the expected frequencies ( $f_e$ ) for all the cells in Table 4.10.

$f_o$	$f_e$	$f_o - f_e$	$(f_o - f_e)^2$	$(f_o - f_e)^2 / f_e$
151	161	-10	100	0.06
148	135	13	169	1.25
214	161	53	2809	17.44
80	135	-55	3025	22.40
122	166	-44	1936	11.66
182	139	43	1849	13.30
897	897	0		66.11

Expected cell frequency  $X^2 = 66.11,$

Critical value (p 0.05, 2df)  $X^2 = 5.99$

The above chi-square analysis  $X^2 = 66.11,$  and the critical value is 5.99 for 2 degrees of freedom at 0.05 level of significance. This reveals that there is a significant impact of public accounts committee function on transparency and accountability in Nigeria. Therefore, the alternate hypothesis (**H2**) is accepted based on the criteria that the calculated value (66.11) is greater than the critical value (5.99).

**Table 4.11:** Significance of PAC function for public accountability over financial crime in Nigeria.

Measures of Accountability	Options		Total
	Yes	No	
Popular control	148	76	224(33%)
Equilibrium of Power	98	130	228(34%)
Reflective governance	48	177	225(33%)
Total	294	383	677

Source : Summary data on Tables 4.6, 4.7, and 4.8

Applying the chi-square goodness-of-fit test, we have the following analysis of the observed frequencies ( $f_o$ ) and the expected frequencies ( $f_e$ ) for all the cells in Table 4.11.

$f_o$	$f_e$	$f_o - f_e$	$(f_o - f_e)^2$	$(f_o - f_e)^2 / f_e$
148	97	51	2601	26.81
76	127	-51	2601	20.48
98	100	-2	4	0.04
130	130	0	0	0
48	97	-49	2401	24.75
177	126	51	2601	20.64
897	897	0		92.75

Expected cell frequency  $X^2 = 92.75$

Critical value (p 0.05, 2df)  $X^2 = 5.99$

The chi-square analysis  $X^2 = 92.75$ , while the critical value is 5.99 for 2 degrees of freedom at 0.05 level of significance. This reveals that there is a great significance of PAC function for public accountability over financial crimes in Bayelsa state. Therefore, the alternate hypothesis (**H3**) is accepted based on the criteria that the calculated value 92.75 is greater than the critical value 5.99.

#### LIST OF ABBREVIATIONS

PAC Public Accounts Committee

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