

Examining the Role of Public Accounts Committee in the Budgetary Process in Nigeria

By

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Abstract

Public Accounts Committee (PAC) in the legislature is expected to be at the center of accountability in the budgetary process as it examines among others queries on annual audited accounts, the accounts and reports of Ministries, Departments and Agencies of the government, statutory corporations, boards, etc. as may, from time to time, be referred to it by the legislature or the executive. Above all, it enjoys the power to examine the causes which led or might have led to any excesses over approved appropriations. These conferred on it the special role of the reference point for other legislative House Committees in ensuring accountability in the polity. Despite these enormous responsibilities of the committee, the budgetary process in Nigeria continue to suffer sets backs over the years with attendant consequences. Using content analysis method of inquiry and drawing lessons from South Sudan, the paper examined the Nigerian experience and result shows that there is weak ex-ante scrutiny of the budgetary process by the committee in Nigeria as consultation at the preparation stages of the budgetary process is frail. The paper recommends for the legislature to exploit the role of Public Accounts Committee at the preparation's stages of the budgetary process towards effective accountability and ensure the amendment of the standing powers of the Senate and House rules, and State Houses of Assembly to clearly mandate ex-ante powers for these committees in the budgetary process in Nigeria.

Keywords: Public Accounts Committee, Legislature, Accountability, Budgetary Process

Introduction

There is a global trend of ensuring greater openness in government finances through the instrumentality of the legislature. This is based on a belief that transparent budgetary practices can ensure that public funds will be spent as guaranteed by the law and failure to adhere to legislative prescriptions may attract punitive measures or impeachment. One major aspect of an open 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, through the legislature using the Public Accounts Committee (PAC). Under Section 85(5) of the 1999 Constitution of the Federal Republic of Nigerian as

amended, the Auditor-General shall, within 90 days of receipt of the Accountant General's financial statement, submit his report to each House of the National Assembly (The Senate and the House of Representatives) and each House shall cause the report to be considered by a Committee of the House of the National Assembly responsible for Public Accounts (same apply to the state Houses of Assembly). In other words, PAC is expected to influence public accountability in many respects toward the attainment of a positive outcome for the community (Pere, Ayapere, and Osain, 2009). The constitutional mandate of PAC also empowers it to scrutinize value for money in MDAs activities. This, cannot be possible without PAC consolidating its powers in the entire budget process than merely oversighting the report of the Auditor General and calling MDAs to order after expending public funds.

The legislature or PAC in Nigeria has a constitutional role to ensure that wastage and corruption are curbed in the Nigerian budgetary system towards value addition and effective service delivery to the citizenry. Despite this enormous responsibility on PAC, there is little to show by the legislature or most PACs in Nigeria since the return of the country to democracy on legislative houses' action in the country concerning PACs powers or examination of reports from the Office of the Auditor General. This is because wastage and corrupt practices have been increasing at a disturbing magnitude in the country. A publication by transparency international once brandish Nigeria as among the leading corrupt countries in the world (TI, 2013). This is especially so when every year the parliament approves the annual expenditure of the country in the name of an annual budget, an indication that PAC needs to do more to curtail the leakages as at and when due in the budget of the country.

Nevertheless, there is a growing concern as to the need for PAC to live up to expectations as corruption is fighting back. It has not only affected the education sector, it also affected the health sector and all other sectors of the economy (Ovuorie, 2022). This raises a lot of concern taking into consideration the enormous power of the legislature or PAC in the polity. Analysts have asserted that most of the abuse of public resources indicates the lack of public accountability in the country (Stapenhurst, 2000) that is, if PAC is following public money by ensuring a credible budget process, why then rampant wastages and corrupt practices in the system?

While 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. Above all, both PAC and the Auditor General rely on the provisions of the budget to perform their duties, which implies that the beginning process of success in curbing wastage and corruption is a function of an effective or credible budgetary process. Disturbingly, is a poor relationship between PAC and civil society organizations and the media, this is so as PAC activities are not as popular as other committee activities in the Nigerian parliament. Likewise, most citizens hardly know the role of PAC within the parliament beyond calling for public hearings. This explains that the visibility of PAC should go beyond a mere committee of the legislature to that of the general overseer of the budgetary process in Nigeria. Therefore, this

paper utilizing content analysis and descriptive approach seeks to examine the role of Nigeria’s PACs in addressing wastages and corruption in the budgetary process.

Powers of PAC in Nigeria

In Nigeria, PACs can be found at both the federal and state levels. The National Assembly is made up of ‘360’ members of the House of Representatives and 109 Senators. Though the politics or power of the ruling party or opposition to chair PAC as experienced in Nigeria may be a worrisome factor in scrutiny of the budget process, this is not the focus of the paper owing to the central role of accountability of the legislature in a democracy. PAC in Nigeria derives its powers from sections 125 (5) and 129 of the 1999 CFRN (as amended). PAC powers are exercised according to rules of legislative practice and procedure regulating proceedings of a legislative house. It considers the Auditor General to report to the legislature on the audit of public accounts within ninety days of receipt of the financial statement. This summarizes PAC’s legislative powers and control over public funds. The powers of PACs pertain to three different areas, grouped into three distinct categories: the right of access, accounts, and operations, and PACs reports (Pellizzo and Umar, 2015). PAC has powers over *access* to public documents of MDAs that is power to oversee; the *accounts and operations* of an agency, launch and conduct inquiries, examine public accounts, oversee policy implementation or refer matters to the Auditor General (AG).

Pellizzo and Umar (2014) while examining PACs in each geo-political zone of Nigeria found out that Nigerian PACs are all well-endowed and that they have on average more powers than most PACs around the world. The PACs from Abia and Kano have all nine powers, the PACs from Cross River and Niger have 8 out of 9 powers, while the PACs from Ogun and Adamawa have only seven of the nine powers.

Table 1. Powers of Right of Access

	Abia	Cross rivers	Kano	Niger	Ogun	Adamawa
Government agencies within the finance portfolio	Y	Y	Y	Y	Y	Y
Government agencies outside the finance portfolio	Y	-	Y	Y	Y	Y
Statutory authorities	Y	Y	Y	Y	Y	Y
Government owned corporations	Y	Y	Y	Y	Y	Y
Local government authorities	Y	Y	Y	Y	Y	Y
Parliament (and its expenditures)	Y	Y	Y	Y	Y	Y
Parliamentarians’ expenditures (e.g., Staff)	Y	Y	Y	Y	Y	Y

Government service providers	Y	Y	Y	Y	N	N
Government funded non-government organizations	Y	Y	Y	N	N	Y

Source: Pellizo & Umar, 2014 = Legend: Y means that the PAC has this power, N means that the PAC lacks this power

From the above, one can notice that some powers are more common than others. For example, the right to oversee government agencies within the finance portfolio, statutory authorities and government-owned corporations, local government authorities, parliament, and parliamentarians' expenditure is enjoyed by all the PACs included in our sample. The power to oversee the government service providers or to oversee NGOs is enjoyed only by four of the six Nigerian PACs for which data were collected. Similar powers are also experienced in the budgetary process as depicted in the diagram 1 of the stages of the budget process below.

PAC and the Budgetary Process

Parliamentary engagement with the budget process normally has several stages. First, parliament vote's public money, then it monitors budget execution. Finally, parliament has to consider whether budget implementation complied with the dictates. The audit of accounts has traditionally been performed by a body distinct from the legislature, in some cases a court or an auditor general (Wehner, 2002). But it is parliament that is tasked with considering the results of such an audit, chiefly through the PAC and other relevant committees.

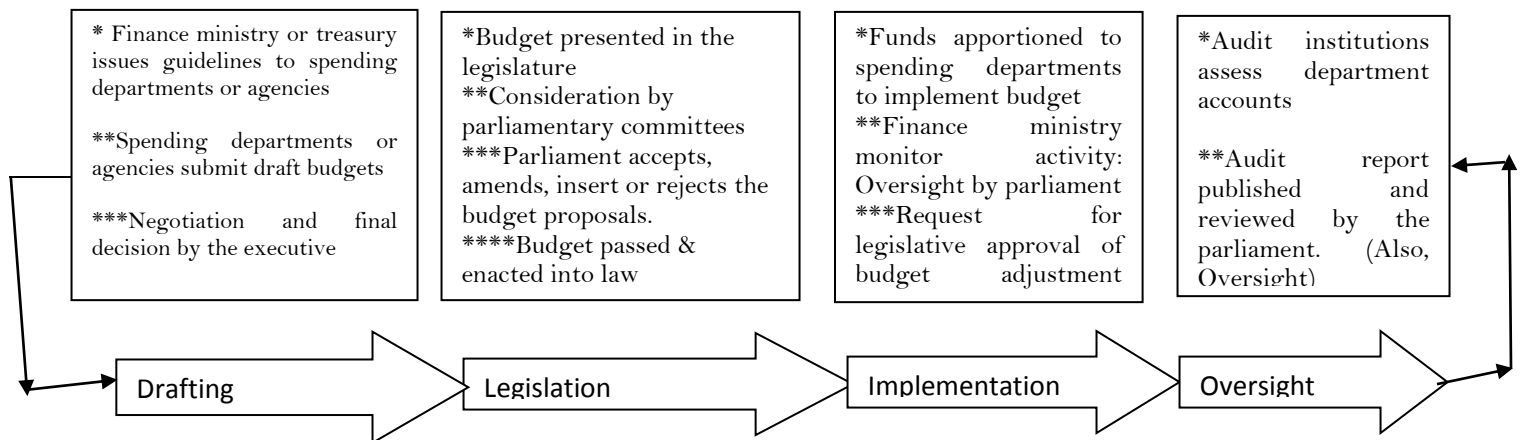
PACs main functions are to see that public money is used for the purposes approved by the legislature, that corruption and waste are minimized and that credible financial practices are encouraged in estimating, contracting, and administration. This, itself is a function of the budget or budget process, as a budget process is cyclical and directs how leakages in government expenditure permeate. The budget process is a system of rules governing decision-making that leads to appropriation or budget law i.e., from its formulation through proposals and legislative approval to its implementation, monitoring, and evaluation. A successful budget must be a product of a process that is based on sound and quality information, rigorous impact analysis and an effective feedback mechanism to internalize lessons of past budgets (Kwanashie, 2003 cited in Iloh and Nwokedi, 2016). This is a function of constitutional mandates, statutory roles, legislative rules and practices, and administrative directives. In Nigeria, both the executive and legislature are fully involved in the budget process. The budget process in Nigeria is structured across a series of formal and 'informal' activities that herald into an appropriation Act or budget law. These include among others:

- I. Planning and formulation (Budget Office - Medium Term Revenue Framework and Medium-Term Expenditure Framework, Central Bank of Nigeria, National Planning

- Commission, Nigeria National Petroleum Limited, Federal Inland Revenue Service, etc.)
- II. Budget call circular and preparation of the Executive Budget Proposal - Ministry of Finance to MDAs – Budget Office evaluates submissions and prepares a draft budget
 - III. Presidential submission to Parliament
 - IV. Legislation, scrutiny, and approval
 - V. Budget Implementation
 - VI. Monitoring and Evaluation (Stapenhurst, 2004)

The budget process is diagrammatically depicted below to give a picture as to where and how PAC is expected to play a role in adding value or curbing corruption and wastage in the budgetary process.

Diagram 1 **Stages of the Annual Budget**



Source: adopted from Stapenhurst, Pellizzo and O’Brien as presented by J. Wehner (2006), “Parliament and the Budget Process”, unpublished slides used in World Bank Institute course on parliament and the budget, Bangkok.

From the above, especially taking into consideration the role of PAC in Nigeria; little can be noticed of PAC in the first two stages of the budget process. Rather, the implementation and oversight or audit stage. A report from the Seventh Senate of the Federal Republic of Nigeria, which carries no statements of the problems of negotiation and decisions, committee deliberations, amendments, rejections, additions, and acceptance from the 2012 - 13 assessment (Seventh Senate, 2012) explains that there is little or no ex-ante scrutiny of budgets. For example, the PAC from South Sudan performs its oversight function both ex-post and ex-ante. It is consulted in the preparation of the budget, it has the power to consider the budget estimates before the budget is approved and, after the budget has been approved, it also has the power to monitor expenditures (Pelizzo, 2013).

PAC and Legislative Committees in the Budgetary Process

The ability of the legislature to change or influence budgets depends largely on two sets of necessary conditions namely, the extent of conferred powers, and the effective role of committees in the budget process. Conferred powers refer to the configuration of powers vested in the legislature to change the budget. Logically, these powers are positively correlated with the ability to effect change. Therefore, the ability to amend budgets is strongly influenced by the effective role of committees in the budget process. The extent of committee involvement in the legislative process depends upon the amendment powers, whether amendment powers are vested in committees or in the legislative house, the amount of time dedicated to committee debate in the deciding for a legislative house; which committees are involved and, the interaction between them as well as committee access to independent research and departmental information (Mattson and Strom, 1995). Committee decisions in Nigeria's National Assembly are subject to deciding house scrutiny, the committees or appropriation committee proposals, the principal officer's decision, and the joint finance committee in the eventual failure of differences between the two chambers of the National Assembly, the Senate and House of Representatives.

This suggests that the involvement of legislative committees in the review of audit results in the legislature would have to be carefully designed to maintain the efficacy and fundamental principles of the audit stage, with the PAC in a central coordinating and information flow management function. This may not be an easy strategy, but is a prerequisite for the effective check or audit of the budget process. It should be noted that any involvement of committees would require their willingness to do so if effectiveness is not to be compromised. Furthermore, their substantial involvement might diminish the need for the continued existence of committees duplicating PAC functions. Due to a lack of proper knowledge of the role of PAC or deliberate attempts to sabotage its functions, there have been limited interactions between the PAC and other committees, and so are the relationships in the National Assembly. This is because most committees rarely make submissions of budget proposals to PAC during budget preparation, consideration (e.g., budget defense), or oversight to support its activities.

Scholars suggest that legislative committees should scrutinize audit reports that directly relate to their portfolios, and in particular value for money reports; indeed, as laudable as it may be, there will be little of such efforts if the audit reports are not extended to PAC for further scrutiny or support to ongoing PAC activities (Pellizzo, 2013). Specifically, such should be targeted at committees that are up and doing with a high level of commitment to parliamentary responsibilities. This would, it is argued, inject relevant expertise into the audit process in parliament, which the PAC is often lacking. In turn, legislative committees might benefit from more intimate knowledge of the audit outcomes concerning their respective

departments, especially when they are also involved in the *ex-ante* consideration of spending proposals (Krafchik and Wehner, 1998).

Proponents of PAC – other legislative committees’ cooperation also argue that scrutiny or audit can be enhanced by involving standing legislative committees, as audit reports would get more attention than the PAC, by itself, can give them, above all, many legislative committees face the challenge of workload. To manage a demanding program, it is expected that PAC establishes an internal structure that enables a division of labor within the committee. This gives PAC an opening to carry out its responsibilities with much ease or easily scrutinize or examine the budget process. This suggests that the involvement of sectoral committees in the review of audit results in the legislature would have to be carefully designed to maintain the efficacy and fundamental principles of the audit stage, with the PAC in a central coordinating and information flow management function. It should be noted that any involvement of committees would require their willingness to do so if effectiveness is not to be compromised. In this respect, the involvement of committees is expected to support the quest for value-for-money studies to enrich accountability in the budget process.

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 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).

Nevertheless, the result of PAC activities is to ensure that public funds are judiciously utilized. The judgment of the utilization of public funds via PAC activities reflects the aspiration of the public through engagement which in most cases is better achieved through engagements with civil society organizations and the media. PAC is expected to ensure that CSOs are carried along in the budget process towards building parliamentary image and making accountability a round ‘peg’ i.e., not only the executive accountable to parliament but parliament awake to its responsibilities and accountable to the citizenry through engagement with the CSOs.

Overall, PAC remains a great committee that can help curb wastage and corruption in the budgetary process in Nigeria, but, if it learns to do better than is known in today’s legislative operations. As important as its report, PAC desires to redefine its strategy from being a ‘watch committee’ to an overhaul one. It needs to engage from the initiation to the monitoring and evaluation stages of the budget process. It is expected to unveil tactics and strategies as events unfold based on credible information or research on happenings in the

budgetary process. The below recommendations may aid to support the role of PAC in mitigating wastage and corruption in the budgetary process of Nigeria.

Way Forward

The beginning process to ensuring accountability in the budget process is the regularity of the activities that can help checkmate corruption or wastage in public expenditure. This can best be achieved through a legal and regulatory framework, such as the relevant appropriation act or law and any applicable permanent legislation. First, PAC can draw on the Auditor General's office for secretariat assistance either on an *ad hoc* basis or through a program of regular secondments but with caution and commitment towards its mandate. Secondly, 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 (without too many accounting technicalities for easy understanding). Thirdly, PAC is forced to prioritize as it often cannot consider all accounts, as such, it is advisable to focus on those accounts involving a qualified audit opinion.

Fourthly, PAC hearings should be open to CSOs and media to promote transparency and public participation in the budget process. Fifthly, PAC should build a symbolic accountability relationship through the instrumentality of the House rules or standing orders or the relationship with other committees and timely and transparent procedure of considering PAC report in each House of the legislature, specifically the National Assembly. Lastly, PAC should consider other parliamentary committees in the consideration of audit reports in such a way that may not lead to the politicization of the budget process in a negative manner or double work or constitute work over load to the legislature. It should also exploit the research capacity of experts or academics with a bias to audit, legislature, or accountability to support the effectiveness and efficiency of its responsibilities.

Conclusion

One continues to wonder how with the enormous powers of the legislature and specifically PAC, wastage and corrupt practices continues in the budgetary process in Nigeria over the years. PAC operations do not ritualistically feed into the budgetary process and create a series of challenges to the committee and the legislature. This is a crucial issue to be addressed in the amendment powers of the Senate and House rules or State Houses of Assembly in Nigeria. Above all, PAC should strive to develop reports in such a manner that other committees will depend on. This is likely to propel the legislature to ensure that PAC activities are sufficiently well-resourced and should be seen playing great role in the entire budgetary process towards accountability in the polity.

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