

COMMONWEALTH ASSOCIATION OF PUBLIC ACCOUNTS COMMITTEES

HANDBOOK
AUGUST 2020

CONTENTS

ABOUT CAPAC.....	2
CAPAC MEMBER & ASSOCIATE MEMBER COUNTRIES.....	3
ORGANISATIONAL STRUCTURE.....	4
CAPAC PRINCIPLES.....	7
CAPAC ONLINE PORTAL.....	8
ANNEX 1: CAPAC PRINCIPLES.....	9
ANNEX 2: CAPAC CONSTITUTION.....	22

ABOUT COMMONWEALTH ASSOCIATION OF PUBLIC ACCOUNTS COMMITTEES (CAPAC)

The Commonwealth Association of Public Accounts Committees (CAPAC) was founded in June 2015 with the aim of ensuring that ‘all Commonwealth Parliaments and the citizens they serve benefit from strong and independent Public Accounts or equivalent committees to sustain and promote the highest principles of public finance.’

The foundation of CAPAC was welcomed by Commonwealth Heads of Government at a meeting in Malta in November 2015 as ‘a network for strengthening public financial management and accountability, these being vital in maintaining the trust of citizens and the integrity of governments and legislatures.’

Among CAPAC’s key functions is ‘Defining, publishing and promoting standards of good practice, in line with Commonwealth principles, to assist CAPAC Member Committees in being effective, transparent and independent.’ In pursuit of this, CAPAC established a Standards Working Group, responsible for setting and promoting a Commonwealth Standard for PAC Practice.

This will assist PACs by making clear, not only for committees themselves, but for parliaments and governments, what is good practice in relation to Commonwealth PACs. This Commonwealth Standard should cover the regulations – legislation, standing orders or other guidelines or handbooks – which govern the operations of PACS, the resources provided for them and the quality of response to PACs by ministries, especially the implementation of PAC recommendations.

CAPAC also aims to set some standards which should be observed by Supreme Audit Institutions in their relations with PACs. This includes timely production and tabling of audit and value-for-money reports, and, where appropriate, effective support for PAC inquiries. The Working Group outlined a number of CAPAC Principles, which were adopted in London in December 2017.

Almost 40 committees have now joined CAPAC. Commonwealth Public Accounts Committees (or equivalent) who have not yet joined are encouraged to do so.

Please contact **cpauk@parliament.uk** to find out more information about how to join.

CAPAC MEMBER COUNTRIES

Australia	Namibia
Bangladesh	Pakistan
Barbados	Papua New Guinea
Cameroon	Rwanda
Canada	Seychelles
Fiji	Sierra Leone
Ghana	Sri Lanka
Jamaica	Swaziland
Kenya	Tanzania
Malawi	The Bahamas
Malaysia	Trinidad and Tobago
Maldives	Uganda
Malta	United Kingdom
Mauritius	Zambia

CAPAC ASSOCIATE MEMBERS

Anguilla
Bhutan
Cayman Islands
Jersey
Isle of Man
New South Wales
Northern Ireland
Falkland Islands
Turks and Caicos

ORGANISATIONAL STRUCTURE

Officers of the Association:

- Chair of the Executive Committee
- Vice-Chair of the Executive Committee
- Treasurer

The three officers are elected by the Executive Committee Members for a two-year term with a possibility of extension for another two-year term.

See section 6 of the CAPAC constitution (Annex 2) for more information on the Officers of the Association.

President

The Member Committee selected to host the upcoming CAPAC Conference holds the position of the President of the Association.

See section 7 of the CAPAC constitution (Annex 2) for more information on the President.

Vice-President

The Member Committee that is second in line to host the CAPAC conference holds the position of Vice President.

See section 8 of the CAPAC constitution (Annex 2) for more information on the Vice-President.

Executive Committee

The Executive Committee is responsible for the control and strategic management of the Association.

The Executive Committee consists of 11 persons, each a Member of a full Member Committee and elected through direct and open elections during the CAPAC Conference.

Each member of the Executive Committee is elected at a General Meeting for a four-year tenure. The Executive Committee has a rotational membership, with half of its seats available for re-election every two years.

See section 9 of the CAPAC constitution (Annex 2) for more information on the membership and responsibilities of the Executive Committee.

Executive Committee Leadership

The Executive Committee has three elected officers; Chair, Vice-Chair and Treasurer.

The Chair of the Executive Committee is the executive head of the Association. The Treasurer is responsible to the Executive Committee and the General Meeting for the management of the finances of the Association.

The three officers are elected by the Executive Committee Members for a two-year term with a possibility of extension for another two-year term.

See section 11 of the CAPAC constitution (Annex 2) for more information on Executive Committee Leadership.

CAPAC Coordination Unit (CCU)

A CAPAC Coordination Unit (CCU) is established which will support both the Executive Committee and the wider organisation.

See section 12 of the CAPAC constitution (Annex 2) for more information on the CAPAC Coordination Unit.

Current Officers of the Association



Ms. Mag Hillier MP
PAC Chair, UK
Chair of CAPAC



Hon. James Klutse Avedzi MP
PAC Chair, Ghana
Vice Chair of CAPAC



Currently Vacant
Treasurer

Current Members of the Executive Committee

- Australia
- Bahamas
- Canada
- Fiji
- Ghana
- Malta
- Pakistan
- Papua New Guinea
- Seychelles
- Zambia
- UK

ORGANISATIONAL STRUCTURE

CAPAC Conference

Held every two years to:

- Review the policies and management of the Association.
- Provide a forum for CAPAC Members to exchange experiences and challenges in their work and consider any developments in best practice standards in the field.

General Meeting

Held at each CAPAC Conference to:

- Determine the policy and management of the Association.

See section 5 of the CAPAC constitution (Annex 2) for more information on the CAPAC Conference and General Meeting.

Executive Committee Meetings

- Held at least once a year including during the CAPAC Conference.
- The Executive Committee will have three elected officers: Chair, Vice-Chair and Treasurer.

See section 5 of the CAPAC constitution (Annex 2) for more information on the Executive Committee Meetings.

CAPAC PRINCIPLES

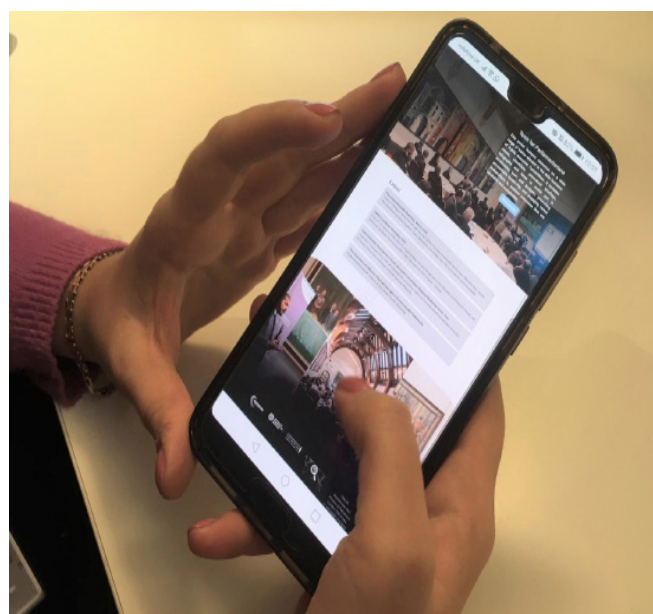
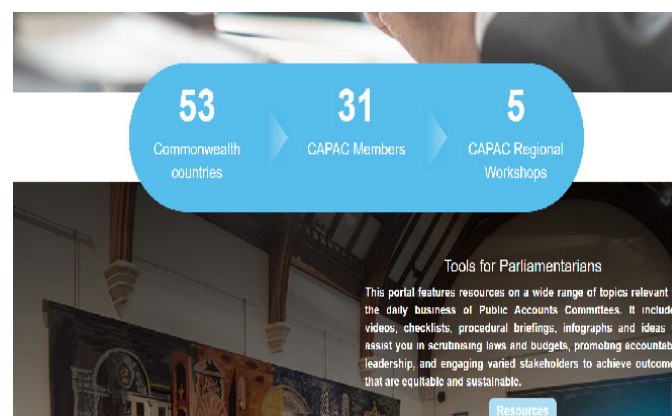
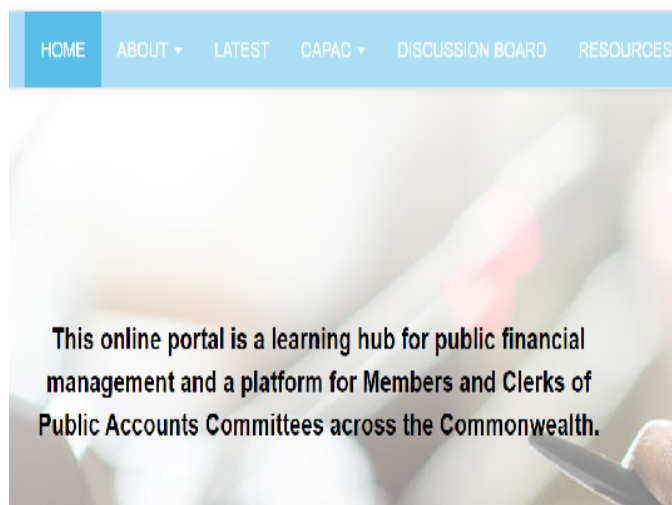
Below is a list of principles for Public Accounts Committees drawn from the CPA Recommended Benchmarks for Democratic Legislatures and the Commonwealth Association of PACs Principles.

Rate your PAC against each Principle below:

PAC Principles and Benchmarks	No plans to be compliant	Rarely Compliant	Plans to be Compliant	Mostly Compliant	Fully Compliant
1. A PAC should operate independently of government. PACs should have the power to select issues without government direction. The PAC's independence should be outlined clearly through the provisions of the Standing Orders.					
2. PACs should have an adequate budget to cover their personnel and other operational costs, training and capacity building costs, as well as costs associated with hearings, publication of reports and sourcing external advice.					
3. A PAC needs non-partisan and skilled support staff. At a minimum, a PAC should have a Clerk and research staff.					
4. A PAC should encourage public involvement and media coverage. Committee hearings should be open to the media and the interested public, and any exceptions from this rule need to be reasonably justified.					
5. PAC members should have a common understanding and articulation of the PAC's mandate, roles and powers. Members should have a good understanding of how PAC powers should be applied.					
6. A PAC shall have access to all records, in whatever form, to be able to scrutinise the Executive and perform the necessary oversight of public spending.					
7. A PAC should have the power to summon persons, papers and records, and this power shall extend to witnesses and evidence from the executive branch, including officials.					
8. PACs should produce a summary report of its overall findings and the extent to which its recommendations have been implemented that should lead to a debate in parliament.					
9. PACs need to ensure that there are robust arrangements in place to follow up their recommendations, including timelines. Such follow					

See Annex 1 for CAPAC principles

CAPAC ONLINE PORTAL



COMMONWEALTH PUBLIC ACCOUNTS COMMITTEE ONLINE PORTAL

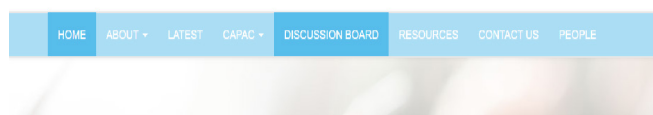
The Commonwealth Public Accounts Committee Online Portal is a learning hub for members and clerks on Public Accounts Committees across the Commonwealth to engage and share ideas.

As part of CPA UK's work for the Commonwealth Partnership for Democracy (CP4D), we have developed this online tool to promote cross-Commonwealth learning on topical issues in public financial management and government scrutiny.

This portal will also serve as a platform for engagement, where users can easily post or follow topics of discussion on PAC-related content, such as procedural questions or tips for interacting with witnesses.

The portal features resources on a wide range of topics relevant to the daily business of Public Accounts Committees. It includes videos, checklists, procedural briefings, infographs and ideas to assist you in scrutinising laws and budgets, promoting accountable leadership, and engaging varied stakeholders to achieve outcomes that are equitable and sustainable.

If you have useful articles or content to add to the Online Portal for colleagues across the Commonwealth to use in their PAC work, please contact the CPA UK Team to add it to the portal. Please email cpauk@parliament.uk.



Commonwealth Association of Public Accounts Committees

(CAPAC)

PAC Principles

Aim

Article 2 of the Constitution of the Commonwealth Association of Public Accounts Committees (CAPAC) states that one of the main functions of CAPAC is to define, publish and promote standards of good practice, in line with Commonwealth principles, to assist CAPAC Member Committees in being effective, transparent and independent.

As a result, during the Executive Committee (ExCo) meeting of CAPAC held on 20 October 2015 in London, a Working Group was established. The first task of the Working Group was to develop a set of standards of good practice of Public Accounts Committees (PACs or committees tasked with carrying out equivalent duties) and their members. The PAC Principles set out in this document include both criteria to be followed by legislatures in establishing and giving mandates to their PACs and standards of good practice to be observed by PACs in their regular operations.

By setting out these Principles, CAPAC aims to help strengthen democratic parliamentary practices and provide a basis through which parliaments can better assess progress with their reform efforts.. These Principles can also help promote a better understanding of the role of PACs among those in public life and the general public.

Background

Legislatures perform three main functions – representative, legislative and oversight. An oversight function is carried out in two ways: legislatures can either oversee the preparation of a given policy (*ex ante* oversight) or they can oversee the execution and the implementation of policy and the quality of administration of a government department, public body or project (*ex post* oversight).¹

¹ Stapenhurst R., Sahgal V., Woodley W., Pelizzo R., *Scrutinizing Public Expenditures – Assessing the Performance of Public Accounts Committees* World Bank Policy Research, Working Paper 3613, May 2005 pg

PACs traditionally have an *ex post* scrutiny function. 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 Commonwealth tradition of government, where parliament has generally retained only minimal and usually symbolic *ex ante* control over the budget, and instead focuses on *ex post* scrutiny.

The global trend in government finances is to move towards greater openness. 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 maximising the benefits derived from their spending.²

The Latimer House Guidelines for the Commonwealth (1998) state that parliamentary procedures should provide adequate mechanisms to enforce the accountability of the executive to parliament. In many Commonwealth legislatures these mechanisms have taken the form of a committee structure appropriate to the size of parliament, adequately resourced and with the power to summon witnesses before it, including Ministers.

PAC Principles that will ensure the effective functioning of PACs can be attributed to a number of factors, most notably the strength of the working relationships between:

- the Public Accounts Committee and other institutions, in particular the Supreme Audit Institution (SAI); and
- the Chairperson and members of the Public Accounts Committees.

But above all, the work of PACs needs to be recognised, supported and encouraged by the legislatures of which they form a part, and the departments and public bodies they hold to account. The PAC Principles set out below should be followed by all Commonwealth legislatures, although it will not always be possible to comply with every detail at all times.

PAC Principles

1. Powers, composition and functions of PACs and SAIs

In order for PACs to function properly, it is important that the required tools are made available to them.

² Wehner J., *Best Practices of Public Accounts Committees* pp 2-3

- **Powers and role**

PACs will be able to carry out their role in the most effective way if they have a clearly defined framework of powers and practices. The legal framework for the establishment of PACs around the Commonwealth varies and includes constitutional provisions, standing orders and/or formal laws. The terms of reference and *modus operandi* of different PACs vary considerably. In some instances the terms of reference are narrowly defined and focus only on financial probity. Other Committees have a broader scope and scrutinise also the efficiency and effectiveness of public spending.

The functioning of a Public Accounts Committee can be exercised in a more effective way if the scope is broad and a free choice is given to the Committee on how its scope should be implemented. The wider the mandate of the Public Accounts Committee, the greater its potential to deter waste and wrongdoing and encourage better management of public resources.

- **Size and composition**

A Public Accounts Committee needs to be of the right size and composition if it is to be operationally effective and maintain its autonomy. In the majority of parliaments, the proportion of the government and opposition members reflects the proportions in the wider House. However, whether this is possible depends on the total size of the committee, and the number of parties represented in the House.

A Public Accounts Committee needs to be large enough to operate even when there may be vacancies, while it should not be so large as to be unwieldy.³

In the Westminster System, it is uncommon for a Minister to be an active member of the PAC.⁴ However, there are jurisdictions (small jurisdictions in particular) that allow Ministers to serve as members of the Public Accounts Committee. Some may argue that Ministers sitting on the PAC would necessarily have a conflict as they are scrutinising the Executive of which they are members.

³ Johnston N., *Financial Oversight: A handbook for Parliamentarians*, GOPAC World Bank Institute, pg 16.

⁴ Exposure Draft CAROSAI, *Parliamentary Oversight Reference Guide* October 2016, pg 28.

It is a long-standing tradition and it is considered a standard of good practice in many parliaments of the Commonwealth, that the PAC chairperson be a member of the Opposition. Such an attribute underlines the non-partisan tradition that underpins the work of the PAC and the willingness of the system to promote transparency through independent scrutiny.⁵

Experience and continuity of members are important attributes for a successful PAC. The nature of a PAC's work is such that it may carry over from one year to another and may require follow-up. ***Therefore the PAC members and Chairperson should be appointed for the full term of Parliament.***⁶

There are examples of non-parliamentarians sitting as members of PACs. Although this practice is not applied in a large number of jurisdictions, such an initiative could be valuable to PACs in states which struggle to find sufficient members with the required level of expertise and it could reinforce the non-partisanship of the PAC.⁷

In order to perform its oversight activity, the Public Accounts Committee has to be free to conduct its business without government interference. It is therefore recommended that Ministers are not PAC members. In jurisdictions where a Minister is allowed to be a member of the PAC, Ministers should be substituted in cases where a conflict of interest clearly exists.

- **Resources**

Adequate resources are essential for the good functioning of any parliament. Parliamentarians may not have the expertise in certain subjects and do not have the time to do research on all subjects on their own.⁸

PACs should have an adequate budget to cover their personnel and other operational costs, training and capacity building costs, as well as costs

⁵ Wehner J., *Best Practices of Public Accounts Committees*, pg 7

⁶ Ngozwana N., *Good Practice Guide for Public Accounts Committees in SADC*, August 2009, pg 27

⁷ Hedger E., Blick A., *Enhancing accountability for the use of public sector resources: How to improve the effectiveness of Public Accounts Committees*, Background Paper for the 2008 Triennial Conference of Commonwealth Auditors General, June 2008, pg 33

⁸ ARAPAC, *Measuring the Effectiveness of Public Accounts Committees – Study Group Report*, 2014 pg 3

associated with hearings, publication of reports and sourcing external advice where required.

In addition to financial resources, a PAC needs a back-up non-partisan and skilled support staff. At a minimum, a PAC should have a Clerk and research staff.

It is also essential there is adequate and appropriate working space dedicated to the PAC to conduct its work in a diligent way. PAC rooms should be able to accommodate the public, the media and have adequate recording facilities.⁹

- A good working relationship with key institutions

➤ **Supreme Audit Institution**

The Supreme Audit Institution (SAI) needs to be viewed as an important part of the accountability process over the use of public funds. The terms of reference of the SAI are crucial, and give an important mandate to this institution in supplying the public with important information. Generally accepted auditing standards require the SAI to be an independent entity. Whilst the PAC depends on high quality reporting to be effective, the SAI in turn requires an effective PAC to ensure that the executive takes serious account of the SAI's audit findings and recommendations.¹⁰

The SAI's independence should be firmly rooted in the Constitution or equivalent legislation which should spell out clearly the extent of its independence and powers.

The SAI should have full, direct and free access on a timely basis to all the documents, in whatever form, and the information necessary to the proper discharge of its statutory responsibilities.¹¹

⁹ Ngozwana N., *Good Practice Guide for Public Accounts Committees in SADC*, August 2009, pg 26

¹⁰ Wehner J., *Best Practices of Public Accounts Committees*, pg 4

¹¹ Exposure Draft CAROSAI, *Parliamentary Oversight Reference Guide*, October 2016, pg 48

- **Performance Audits (Value for Money Audits)** are independent evidence-based investigations which examine and report on whether economy, effectiveness and efficiency has been achieved in the use of public funds.

The SAI should be given a mandate to conduct performance audits.

- **Financial and Compliance Audit**

Financial and Compliance Audits provide reasonable assurance that the financial statements give a true and fair view, have been prepared in accordance with the relevant accounting and other requirements and are in accordance with the authorities that govern them. In addition they identify, assess and examine risks to regularity, propriety and financial control in audited bodies and report on significant weaknesses; and provide audited bodies with constructive advice to help them improve their corporate governance, financial risk management control and reporting.

Although SAIs should be independent of governments, PACs can play an important role in seeking to safe-guard that independence and ensuring that they have the resources they need to carry out their statutory mandate. PACs have a reasonable expectation that the SAI will provide timely, robust and clear reports and where the PAC identified weaknesses these should be brought to the attention of the SAI and addressed quickly and comprehensively.

Although the PAC depends on the quality of the reports produced by the SAI, the relationship should be balanced. A too close relationship can threaten the independence of the SAI, while a too distant relationship may lead to important audit findings being ignored.¹²

¹² Ngozwana N., *Good Practice Guide for Public Accounts Committees in SADC*, August 2009, pg 7

➤ Media

The media has a crucial role in reporting the work of the PAC to the public. The Commonwealth (Latimer House) Principles state that the Government's transparency and accountability are promoted by an independent and vibrant media which is responsible, objective and impartial, and which is protected by law in its freedom to report and comment upon public affairs.¹³ Media scrutiny and the public interest will make the Executive more alert and likely to respond positively to PAC recommendations in a timely manner.

The PAC should thus encourage public involvement and media coverage. Committee hearings should be open to the media and the interested public, and any exceptions from this rule need to be reasonably justified.

➤ Executive/Public Administration

One of the main powers of the PAC should be to call the Executive and public officials to give evidence before the Committee. The relationship with the Executive and the public administration is important for the proper conduct of the public hearing.

*It is a good practice for PACs not to question the desirability of a particular policy per se. Questions should always focus on the effectiveness and efficiency of the implementation of a policy.*¹⁴

*To this effect, the typical witness should be the policy implementer rather than the policy initiator. Although PACs should have the power to summon a Minister as a witness (including former Ministers), PACs should primarily question senior public officers (including former officers), and especially the officer responsible for financial propriety in the relevant body. This officer should where necessary be accompanied by officials that have a detailed understanding of the issues under examination..*¹⁵

¹³ Commonwealth (Latimer House) Principles on the Three Branches of Government (2004)

¹⁴ Staphenurst R., Sahgal V., Woodley W., and Pelizzo R., *Scrutinizing Public Expenditures – Assessing the Performance of Public Accounts Committees*, World Bank Policy Research, Working Paper 3613, May 2005, pg 4

¹⁵ *Ibid.* pg 25

- **Transparency**

An important element of PACs is their public nature. They should have high visibility that often attracts media attention; meetings should be open to citizens and the media, and full verbatim transcripts and minutes should be prepared and made available to the public in a timely manner.¹⁶

- **Accountability**

The Commonwealth (Latimer House) Principles emphasise that Parliaments and governments should maintain high standards of accountability, transparency and responsibility in the conduct of all public business. Parliamentary procedures should provide adequate mechanisms to endorse the accountability of the executive to Parliament.¹⁷

Access to information is also crucial in order to achieve a transparent process. The PAC shall have access to all records, in whatever form, to be able to scrutinise the Executive and perform the necessary oversight of public spending.

- **Independence**

A PAC should operate independently of government. PACs should have the power to select issues without government direction. The PAC's independence should be outlined clearly through the provisions of the Standing Orders or any relevant legislation. Moreover, the PAC should have the capability and the necessary resources to operate in an independent way. The PAC may seek the assistance of the SAI to carry out specific requests, with full respect for the independence of the SAI, its priorities and mandate.

In developing a forward programme, the PAC should discuss this with the SAI. In turn the SAI should discuss its forward programme with the PAC.

¹⁶ *Parliamentary Oversight – Committees and Relationships: A Guide to Strengthening Public Accounts Committees* (2006) pg 13

¹⁷ *Commonwealth (Latimer House) Principles on the Three Branches of Government* (2004)

While the SAI has the independence to decide its own programme, it is useful when the SAI understands the concerns and interests of the PAC.

2. Standards of good practice for PACs

- **Role of the chairperson**

The Chairperson 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 SAI. 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. It is important that the person appointed to the chair of PAC strong committee management skills, a solid understanding of finance and public administration, and broad cross party support.

- **Members of the Public Accounts Committee**

The commitment, comportment, experience and expertise of the members of the Committee are essential in determining the effectiveness in implementing the important role of the Committee.

Strong disagreement between and/or within political parties can be very damaging to the PAC. Partisan differences can lead to Government unwillingness to accept criticism and to act on valid complaints, and the Opposition, on its part, to overplay minor issues.¹⁸

PAC members should have a common understanding and articulation of the PAC's mandate, roles and powers. Members should have a good understanding of how PAC powers should be applied.

¹⁸ Staphenurst R., Pelizzo R., and O'Brien M., *Ex Post financial oversight: Legislative Audit, Public Accounts Committees... and Parliamentary Budget Offices?*, Background Paper No. 4, pg 15

Members of PACs should assume a collective role of public scrutiny, must try to avoid partisanship to be effective and should develop good working relationships with each other and look for consensus. Members of the PAC should refrain from questioning the policy objective and clearly focus on accountability for implementing approved policy objectives.

- **Planning of a meeting**

Effective meetings require proper planning, execution and follow up. PAC preparatory meetings are intended to ensure that the PAC can achieve the intended results or outcomes. The Chairperson should have the leading role in planning for the Committee meeting. The Clerk and the Committee members should assume a supporting role.

Meeting notices including the agenda and other relevant documentation should be sent well in advance to the Committee members to enable proper preparation of the meeting.

A preparatory meeting with the SAI can serve as briefing session on the topics that will be covered. Such a preparatory session will give an adequate opportunity for PAC members to clarify their understanding of issues with the SAI.

- **Conducting meetings/Public hearings**

While it is important that the PAC considers the advice of the SAI, the Committee should not be constrained in its choice of which aspects of an audit report are to be further investigated.¹⁹ **During public hearings, the SAI contribution should be of an adviser to the committee rather than that of a witness.**

¹⁹ Wehner J., *Best Practices of Public Accounts Committees*, pg 14

PAC members are expected to conduct themselves in a respectful and professional manner during the meetings. Members of the Committee should remain focused on the subject matter and try to be objective and productive as possible.

Public hearings

A public hearing is a major tool through which a PAC calls witnesses before the Committee to provide testimony on issues raised in the audit report.²⁰

There should be a timely structural plan for public hearings. While overstressing public hearings risks deviating from the main objectives, sufficient time should always be allocated. Individual members of the Committee should each have an adequate opportunity to put questions to the witnesses.

- **Reporting and Recommendations**

One of the key aims of PAC hearings is to encourage improvements in the way public resources are managed. The report is the main formal output of a PAC's work, containing the formal position of the Committee. Although not all reports are adopted by consensus, a report agreed upon unanimously will give the Committee's recommendations more credibility. While the PAC report may include or refer to recommendations made in the SAI's report, the Committee will wish to add additional recommendations and issues which have arising from the hearing.

In some jurisdictions where the PAC does not have ample staff, the SAI may help draft the initial PAC report. An advantage of this approach is that the SAI will have been emerged in the issues under discussion. However, no matter how the PAC report is drafted the final report, and especially the recommendations it contains, have to be owned and agreed by the PAC.

²⁰ Ngozwana N., *Good Practice Guide for Public Accounts Committees in SADC*, August 2009, pg 14

Follow-up of PAC recommendations is critical to achieving improved financial management and control within the public sector and public financial institutions.²¹ Suggested improvements are of little use if they are not implemented by the Executive.

PACs and governments need to put in place clear arrangements for responding to PAC report. PACs should expect timely responses from government indicating which recommendations are accepted and if any are rejected then an explanation should be made to the PAC.

PACs need to ensure that there are robust arrangements in place to follow up their recommendations, including timelines. Such follow up may be carried out by the SAI and/or the Ministry of Finance/entities concerned. However, where the PAC finds that government bodies have been slow in implementing recommendations then the senior officials of these bodies should be summoned to appear before the Committee to explain themselves.

PAC should produce a summary report of its overall findings and the extent to which its recommendations have been implemented that should lead to a debate in parliament.

- **Use of non-government witnesses**

Most witnesses before PACs will be officers of government departments and other public bodies. **Non-government individuals/entities can be summoned to give account of the execution of publicly funded projects or initiatives.** Other witnesses can also enhance the work of PACs by providing expert and often authoritative knowledge and experience of the implementation of government programmes. PACs should consider whether non-government witnesses should be invited to appear in suitable cases.

PAC Performance

PACs need to set high standards and be exemplary committees. As such at least once a year the PAC should review its own performance – checking that the ways it works with

²¹ ARAPAC, *Measuring the Effectiveness of Public Accounts Committees – Study Group Report*, 2014 pg 6

the SAI, with its own staff, and with others is effective. Particular care needs to be taken that the PAC is dealing with its business efficiently, that backlogs are not building up and that it is only dealing with serious high level issues and not being bogged down with trivia.

Concluding remarks

The effectiveness of a PAC charged with oversight of government spending depends on three main considerations:

Firstly, the powers and the mandate given to the PAC are the tools with which the Chairperson and members of the Committee operate.

Secondly, good relations between PACs with other institutions are crucial for the Committee to fulfill its role.

Finally, the commitment, comportment, experience and expertise of the Chairperson and the members of the Committee are essential in determining its effectiveness in implementing the important role of the Committee.

These PAC Principles should serve as a set of guidelines in order to give a sense of direction for Public Accounts Committees to operate in a better way. Different jurisdictions have diverse constitutional set-ups, political, economic, social and cultural contexts in which they operate. Therefore all the guidelines are meant to be considered within the distinctive circumstances of specific countries.

ANNEX 2

COMMONWEALTH ASSOCIATION OF PUBLIC ACCOUNTS COMMITTEES CONSTITUTION

PREAMBLE

- 1.01. We, Members and representatives of the national Public Accounts Committees (PAC) and other Committees with equivalent responsibilities in Commonwealth countries:
- a. Recognise the importance of parliament's ability to hold governments to account for public expenditure and, in particular, the role that Public Accounts and equivalent committees play in ensuring that public funds are raised and used appropriately and effectively.
 - b. Recognise Article 46 of the communiqué of the November 2013 Commonwealth Heads of Government Meeting (CHOGM), which expressed support for strengthening PACs by making them "effective, independent and transparent".
 - c. Mindful that, since PACs in Commonwealth countries perform a very similar function and operate on equally similar institutional structures, recognise there is a need for these committees to share their experiences and cooperate in identifying Commonwealth-wide best practices and benchmarks for PAC work.
 - d. Agree, as the founding member Parliaments of the Commonwealth Association of the Public Accounts Committees (CAPAC), to the formation of this Association aimed at strengthening the role and work of Commonwealth national Public Accounts (and equivalent) Committees.
 - e. Agree to adopt this document as a Constitution of CAPAC, hereafter to be known as 'The Association'.

AIM AND FUNCTIONS

- 2.01. **Aim.** The aim of the Association is to ensure that all Commonwealth Parliaments and the citizens they serve benefit from strong and independent Public Accounts or equivalent committees to sustain and promote the highest principles of public finance.
- 2.02. **Functions.** Without restricting the generality of this aim, the Association shall pursue it by:
- a. Making the case for the independence of Commonwealth PACs, and for the implementation of all appropriate PAC recommendations as key components of good governance.
 - b. Defining, publishing and promoting standards of good practice, in line with Commonwealth principles, to assist CAPAC Member Committees in being effective, transparent and independent.

- c. Providing training to support CAPAC Member Committees in improving their performance.
- d. Acting as a clearing house of valuable information on matters pertaining to PACs; this will include information about current practices in various legislatures.
- e. Establishing a voluntary peer consultative mechanism process acceptable to its Member Committees, to be used as a platform for both exchanges of information and benchmarking.
- f. Engaging in proactive and effective relationships with key stakeholders, including, but not limited to, regional PAC organisations and the Conference of Commonwealth Auditor-Generals.
- g. Strengthening the capacity of Commonwealth PAC and equivalent Committees with a particular emphasis on Small States.
- h. Encourage bilateral and multi-lateral interaction among Members on issues of common concern.

2.03. **Gender Matters.** In all these activities, CAPAC will pay particular attention to the need to empower PAC Members on issues of gender equality, especially with regard to gender-budgeting, auditing and committee membership.

MEMBERSHIP

MEMBER COMMITTEES (FULL MEMBERSHIP)

3.01. Full membership of the Association shall be open to PACs and other Committees whose function is to examine the accounts of national government bodies.

3.02. Member Committees must be:

- a. Formed within Legislatures that are in countries recognised as members of the Commonwealth by Commonwealth Heads of Government and are in good standing.
- b. Constituted in accordance with paragraph 3.03 below.

3.03. A Member Committee shall be admitted to the Association following a written application submitted by the relevant Legislature to the Chair of the Association. The application must declare that the Legislature supports the application of the Committee.

3.04. **Rights of Member Committees.** Each Member Committee shall:

- a. Be entitled to send representatives to each CAPAC Conference.
- b. Be eligible to nominate its members for Executive Committee elections.

- c. Be eligible to put their candidature forward for hosting a CAPAC Conference
- d. Have equal voting powers to any other member of the Association
- e. Be entitled to participate in the voluntary peer consultative mechanism and apply for any training programmes offered by the Association

3.05. Abeyance of Committee Membership. The Executive Committee may place the membership of a Member Committee in abeyance where it is satisfied that the Legislature in which the Committee is formed has ceased to function as a democratically elected institution.

- a. In such circumstances the status of a Member Committee will be reduced to Associate Membership.
- b. The Executive Committee may re-instate the full membership of a Committee that has been placed in abeyance.

3.06. Termination of Membership. A Member Committee may terminate its membership of the Association by written notice to the Executive Committee. The notice must declare that the Legislature itself supports the termination of CAPAC membership by its PAC or equivalent Member Committee.

ASSOCIATE MEMBERSHIP

4.01. Associate membership of CAPAC shall be open to PACs and other Committees whose function is to examine the accounts of sub-national government bodies, who do not qualify for full membership, but wish to participate in the activities of the Association.

4.02. Associate Member Committees must fit one or more of the following criteria, having been constituted in accordance with paragraph 4.03 below:

- a. Formed within sub-national Legislatures, which are in countries recognised as members of the Commonwealth by the Commonwealth Heads of Government.
- b. Formed within legislatures which are in dependencies of Commonwealth countries and countries in association with such countries.
- c. Formed within legislatures which are in countries that are outside, but share the values of, the Commonwealth.

4.03. A Committee shall be granted the status of associate membership of the Association following a written application submitted by the relevant Legislature to the Chair of the Association.

- a. The application must declare that the Legislature supports the application of the Committee.

- b. If the application is submitted by a sub-national Legislature, a declaration by the national Legislature supporting the application must be enclosed at the application stage.
- c. If the application is submitted by a Committee from a national Legislature outside the Commonwealth, priority will be given to those applicant Committees that are existing members of their regional PAC associations.

4.04. Associate membership lasts for such period as the Executive Committee determines. However, eligible bodies and individuals may be invited to reapply when their associate membership expires.

CAPAC CONFERENCE

5.01. Every two years a CAPAC Conference will be held, which shall:

- a. Review the policies and management of the Association.
- b. Provide a forum for CAPAC Members to exchange experiences and challenges in their work and consider any developments in best practice standards in the field.
- c. Include guest speakers in consultation with the Executive Committee.

5.02. A General Meeting, which shall have ultimate authority to determine the policy and management of the Association, shall be held at each CAPAC conference. The following shall be entitled to attend the General Meeting as delegates:

- a. Officers of the Association.
- b. Representatives of Member Committees of the Association.

5.03. Other persons may be invited by the Association to attend the General Meeting as observers.

5.04. All notices of the CAPAC Conference and the General Meeting shall be distributed to the attendees at least two months in advance by the CAPAC Coordination Unit and shall contain a provisional agenda/programme. All final documentation shall be sent at least two weeks prior to the conference.

5.05. The Chair of the Executive Committee shall preside over the General Meeting. In his/her absence, he/she would be replaced by the Vice-Chair or, the Vice-Chair also being absent, a delegate elected by the meeting.

5.06. Each Member Committee shall be entitled to one vote, including in the Executive Committee elections.

5.07. The quorum for a General Meeting shall be ten Member representatives. In the absence of a quorum, the meeting shall stand adjourned to the same place at such date and time as the majority of representatives then present shall determine. A simple majority vote of Members present shall be required for a decision.

5.08. Any constitutional amendments shall require a two-thirds majority of all Member Committees and be submitted at least three months before the conference.

5.09. The Conference shall be hosted by one of the Member Committees. Any Member shall be eligible to offer to host the Conference by application to the Executive Committee.

5.10. A summary of the Conference proceedings will be prepared and posted on the CAPAC website.

ORGANISATIONAL STRUCTURE

OFFICERS OF THE ASSOCIATION

6.01. The Officers of the Association shall be the Chair of the Executive Committee, the Vice-Chair of the Executive Committee, and the Treasurer.

PRESIDENT

7.01. The Member Committee selected to host the upcoming CAPAC Conference shall hold the position of the President of the Association.

7.02. The Chair of the host Member Committee (PAC or equivalent) shall be appointed by the Executive Committee as the President of the Association and shall be the honorary head of the Association.

7.03. Where the venue of the next plenary conference has been altered, the President of the Association elected to hold office in the year of that conference shall cease to hold office on the election of a successor, or not enter into office, as the case might be.

VICE-PRESIDENT

8.01. The position of Vice-President shall be assigned to the Member Committee that is second in line to host the CAPAC conference.

8.02. The Chair of the next host Member Committee (PAC or equivalent) shall be appointed by the Executive Committee as the Vice-President of the Association and shall act as President when that office is vacant.

8.03. Where the venue of the next but one CAPAC conference has been altered, the Vice-President of the Association elected to hold office in the year of that conference shall cease to hold office on the election of a successor or not enter into office, as the case may be.

EXECUTIVE COMMITTEE - MEMBERSHIP & RESPONSIBILITIES

9.01. There shall be an Executive Committee which shall be responsible for the control and strategic management of the Association.

9.02. The Executive Committee shall consist of 11 persons, each a Member of a full Member Committee and elected through direct and open elections during the CAPAC Conference.

9.03. The Executive Committee membership should reflect the diversity of the Commonwealth.

9.04. Each member of the Executive Committee will be elected at a General Meeting for a four-year tenure. The Executive Committee will have a rotational membership, with half of its seats available for re-election every two years.

9.05. Each full Member Committee which has not had a representative on the Executive Committee for the preceding four years will be eligible to nominate one candidate for the CAPAC Executive Committee elections.

9.06. At the end of its representative's tenure as the Executive Committee Member, his/her Member Committee will be excluded from participating at the Executive Committee elections for two consecutive conferences (a four-year period).

9.07. If an Executive Committee Member loses his / her seat on his / her full Member Committee, the respective PAC will be required to appoint a new representative as a replacement.

9.08. The Executive Committee:

- a. Shall define and prepare the annual business plan for the Association and be responsible for overseeing its implementation.
- b. Shall manage and control the assets of the Association.
- c. Shall determine the establishment and the terms and conditions of employment of the staff of the CAPAC Coordinating Unit (CCU), see paragraph 12.01 et seq.

- d. Shall appoint the President/Vice-President, determine the dates of the CAPAC Conference and liaise with the President in defining the agenda and oversee the overall organisation of the conference.
- e. May establish Sub-committees and appoint as Members representatives of Member Committees

EXECUTIVE COMMITTEE - MEETINGS

- 10.01. The Executive Committee shall meet at least once a year including during the CAPAC Conference.
- 10.02. Participation in meetings of the Executive Committee via video / audio conferencing will be permitted and is encouraged.
- 10.03. The quorum for a meeting of the Executive Committee shall be five, including virtual participation.
- 10.04. The Chair of the Executive Committee shall preside over the meeting. In his / her absence, he / she will be replaced by the Vice-Chair or a Member elected by the meeting.
- 10.05. In the event of an even split in votes in a meeting of the Executive Committee, the Member presiding shall exercise a casting vote.
- 10.06. Where an Officer of the Association or Member of the Executive Committee fails without valid reasons to attend a meeting of the Executive Committee during the whole period between ordinary meetings of the General Meeting, the Executive Committee may declare a casual vacancy to exist in the office.
- 10.07. Minutes shall be taken of each meeting and posted on the CAPAC website once approved by the Executive Committee.

EXECUTIVE COMMITTEE - LEADERSHIP

- 11.01. The Executive Committee will have three elected officers; Chair, Vice-Chair and Treasurer.
- 11.02. The Chair of the Executive Committee shall be the executive head of the Association.
- 11.03. The Treasurer shall be responsible to the Executive Committee and the General Meeting for the management of the finances of the Association.

11.04. The three officers will be elected by the Executive Committee Members for a two-year term with a possibility of extension for another two-year term.

11.05. A small CAPAC Coordination Unit (CCU) will be established which will support both the Executive Committee and the wider organisation.

CAPAC COORDINATION UNIT (CCU)

12.01 A CCU will be provided by a Commonwealth Member Legislature. The establishment of CCU will be endorsed by the CAPAC Conference.

12.02 A memorandum of understanding (MOU) shall be drawn up between the Association as represented by the Executive Committee and the host Member Legislature providing the CCU which shall lay down the role and responsibilities of CCU to:

- a. Provide administrative support to the Association.
- b. Promote the aims and objectives of the Association as so directed by the Chair of the Executive Committee.
- c. Close links with Member Committees and provide advice and guidance on their activities and management as appropriate.
- d. Provide a core support for meetings of the Executive Committee, the General Meeting and the CAPAC Conference.

RESOURCES

13.01. **Funding.** The funding of the Association may be derived from:

- a. Grants, donations, sponsorship of any other kind from governments, national or international organisations - provided that none of the aforementioned result in a compromise of the aims and objectives of the Association or result in the exclusion of any Member Committee or place the Association or any of its Members in a conflict of interest.
- b. In-kind contributions by Member Parliaments.

13.02. **Expenses.** Expenses of the Association.

- a. The income of the Association shall be used solely for the promotion of the aims and objectives of CAPAC as laid down in this constitution.
- b. No portion thereof may be paid or transferred, except for reasonable and proper payment of claims for official expenses rendered on the business of the Association, to any Officer or Member Committees of CAPAC in return for any service rendered to CAPAC in accordance with the Constitution.

13.03. Financial Records, Audit and Annual Reporting.

- a. **Accounts.** Proper accounts shall be kept by the CCU of the funds received and spent by CAPAC.
- b. **Budget.** CCU shall prepare a draft budget for the forthcoming year and submit it for approval to the Executive Committee.
- c. **Audit.** The Association will be audited annually under arrangements agreed with CCU's host Parliament.

MISCELLANEOUS

FINANCIAL YEAR

14.01. The financial year of the Association shall be the calendar year.

QUALIFICATION FOR OFFICE AND PARTICIPATION IN CERTAIN ACTIVITIES OF THE ASSOCIATION

15.01. Subject to paragraph 15.02, no person shall be entitled to be appointed or continue as an Officer of the Association, a Member of the Executive Committee or any subcommittees, or as a delegate to a Conference or other meetings of the Association, unless the person is an elected Member, Clerk or other representative of a Member Committee which enjoys full rights within the Association.

15.02. Where a Legislature is dissolved for the purposes of a general election, its Members at the time of dissolution may be deemed to meet the requirements of paragraph 15.01, subject to the procedures of the parent Legislature, until their Public Accounts or equivalent committee is re-established.

DISSOLUTION OF THE ASSOCIATION

16.01. CAPAC shall dissolve if decided by a vote of two-thirds of the Member Committees through a formal vote at a General Assembly.

16.02. In the event of the dissolution of the Association, the membership at the time shall decide on the transfer of the net assets of the Association to an appropriate organisational Commonwealth body.

INTERPRETATION

17.01. In this Constitution, unless the context requires otherwise:

- a. "Association" and "CAPAC" mean the Commonwealth Association of Public Accounts Committees.
- b. "Member"/"Member Committee" means a Committee with full membership rights.
- c. "Commonwealth" means the Commonwealth of Nations, a voluntary association of independent sovereign states, their dependencies and countries in association with such states, as determined from time to time by Commonwealth Heads of Government.
- d. CCU is the CAPAC Coordinating Unit within the agreed Member legislature, as outlined in paragraph 12.02.

AMENDMENT OF THE CONSTITUTION

18.01. This Constitution shall only be amended by a proposed amendment adopted by the votes of two-thirds of the delegates present, physically or virtually, voting at the General Meeting.

END

