

The Institute of Economic Affairs (IEA), Ghana

Parliament's Role In The Fight Against Corruption

By

DR. ALBERT KAN-DAPAAH

Director of Centre for Public Accountability, University of Professional Studies, Accra
Former Chairman, Public Accounts Committee, Parliament of Ghana

Abstract

In the late eighties and early nineties Ghana embarked on an agitation for Good Governance. We demanded: Human Rights, Media Freedom, Law and Order, Personal Liberties and Parliamentary Democracy. These were the governance challenges at the time. Today, we have achieved virtually all of these demands. Democracy is well planted in our dear country. Consequently, there has been a paradigm shift in our governance challenges, which includes ensuring financial accountability in the public sector.

In broad terms, this paper discusses the role of Parliament as the key accountability institution in the fight against Corruption. It also examines the relevance of the Public Financial Management (PFM) system in the fight against corruption, and reveals that key accountability mechanisms are not allowed to operate in the budget cycle; and the specific oversight roles of parliament have not been performed effectively. The paper concludes with some solutions to the anomalies.

¹This paper was prepared for the Institute of Economic Affairs, Accra, Ghana. The conclusions of this paper are those of the author.

About Us

The Institute of Economic Affairs (IEA) Ghana was founded in October 1989 as an independent public policy institute dedicated to the establishment and strengthening of a market economy and a democratic, free and open society. It considers improvements in the legal, social and political institutions as necessary conditions for sustained economic growth and human development.

The IEA supports research and promotes and publishes studies on important economic, socio-political and legal issues in order to enhance understanding of public policy.

Further information may be obtained from;

The Institute of Economic Affairs,
P. O. Box OS 1936, Osu, Accra, Ghana.
Tel: +233-0302-244716/+233-0307-010714
Fax: +233-302-222313
Email: iea@ieagh.org
Website: www.ieagh.org
www.facebook.com/ieagh
www.twitter.com/IEAGHANA

2015 Copyright

Printed in Ghana. All rights reserved. No part of this work may be published, used or reproduced in any manner without written permission of the publisher except in the case of brief quotations in critical articles and reviews.

Publication of this work signifies that The Institute of Economic Affairs regards it as a competent treatment worthy of public consideration. The findings, interpretations and conclusions of this paper are entirely those of the authors, and should not be attributed to The Institute of Economic Affairs or any organisations that support it.

The research and publication has been made possible with funding from the International Development Research Center (IDRC) and the Think Tank Initiative (TTI)

CONTENTS

- 1.0 PFM and The Budget Cycle.....6
- 2.0 The First Phase of the Budget Cycle.....7
 - 2.1 Recommendations.....10
- 3.0 The Second Phase of the Budget Cycle.....12
 - 3.1 Recommendations.....11
- 4.0 The Third Phase of the Budget Cycle.....13
 - 4.1 Recommendations.....14
- 5.0 The Fourth Phase of the Budget Cycle.....15
 - 5.1 Recommendations.....17
- 6.0 The Oversight Role of Parliament.....17
- 7.0 Conclusion.....22
- 8.0 References.....24

THE ROLE OF PARLIAMENT IN THE FIGHT AGAINST CORRUPTION

In the late eighties and early nineties, Ghana embarked on an agitation for Good Governance. The demands were for Human Rights, Media Freedom, Law and Order, Personal Liberties and Parliamentary Democracy. These were the governance challenges at the time. Today, all of these demands have virtually been achieved. Democracy is well planted in the country. Consequently, there has been a paradigm shift in our governance challenges.

Amoako-Tufuor (2008) rightly observed that there are four key governance challenges now. These are:

1. Curbing the excesses of Government.
2. Ensuring transparency in Governance.
3. Ensuring Participation and Inclusion in Governance and
4. Ensuring Financial Accountability in the Public Sector.

The major focus of the Centre for Public Accountability at the University of Professional Studies (UPS), Accra is Financial Accountability in the Public Sector being convinced that there is a relationship between Accountability and Corruption. In broad terms therefore, this paper is on The Role of Parliament as the Key Accountability Institution in the Fight against Corruption.

A nation puts in place a Government so that it will provide Public Goods and Public Services. But the Government has no money, on its own, to provide the goods and services. It relies on citizens for all the monies it needs to carry out its mandate. This creates an accountability relationship between the Government and the citizens.

“Public Accountability demands that politicians and public servants who are entrusted with public resources must be answerable for the fiscal and social responsibilities to the people who provided the resources and who assigned the responsibilities to the (INTOSAI, 1998). In other words, Accountability means “Saying what you mean, meaning what you say and doing what you say you are going to do (Tom, 2010).

Corruption on the other hand is “the misuse of office for unofficial ends and includes Bribery, Extortion, Influence Peddling, Nepotism, Fraud, Embezzlement and the use of Speed Money which is money paid to government officials to speed up their consideration of a business matter falling within their jurisdiction” (Klitgaard, 1998).

Klitgaard (1998) has explained the link between Corruption and Accountability in a formula which shows that:

$$\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Accountability.}$$

He argues that one tends to find corruption when an organization or person has monopoly power over the delivery of a good or service. He explains that the monopoly power is made worse when the organization or person also has the discretion to decide who will receive it and how much that person will get in an environment where there are no sufficient mechanisms to ensure that the organization or person is accountable.

According to this model, combating corruption begins with designing better systems, reducing or regulating monopolies, clarifying official discretions and enhancing transparency. There are practical difficulties with these recommendations though. Reducing monopolies in the delivery of public goods and services is not easy in practice neither is it easy to clarify official discretion with detailed or codified regulations so as to reduce discretion.

Financial Accountability therefore emerges as the most potent antidote to the problem of corruption. Governments and Public Servants must feel obliged to account to the citizens who give them the resources to provide the public services and goods.

Klitgaard (1998) further argues that corruption is a crime of calculation, not passion. He explains that there are saints who resist all temptations and there are honest officials who resist most temptations. He adds however that when bribes are large and the chances of being caught are small and also the penalties if caught are meager, many public officials will succumb.

Public sector corruption should not be a surprise. Some centuries ago Kautilya, an Indian statesman and philosopher who is largely acclaimed as the author of the first manual on bureaucracy is reported to have warned that, **“Human nature is disposed to acquire public money for private gain. Just as it is impossible not to taste honey or poison that one may find at the tip of one's tongue, so it is impossible for one dealing with government funds not to taste at least a little bit of the king's wealth”**(Kaufman, 1997).

He further advised that, **“Just as it is impossible to know when a fish moving in water is drinking it, so it is impossible to find out when government officials in charge of undertakings misappropriate money”** (Kaufman, 1997).

He called for the institution of checks and balances and accountability measures to address the problem of corruption and this is exactly what the framers of the Constitution and those who designed the Public Financial Management (PFM) system as well as the financial laws that underpin the PFM system sought to achieve. The Constitution demands that the Minister of Finance and the Controller and Accountant General put in place a functional PFM system with sufficient controls and checks and balances. In addition, it charged three institutions to oversee the financial activities of the Executive arm of Government. These bodies have come to be known as the Accountability Institutions and they are: The Auditor General, Parliament and the Judiciary.

Before the role of the Accountability institutions and specifically the role of Parliament are tackled, the relevance of the PFM system in the fight against corruption will be first be discussed. Indeed, if you ask any Chartered Accountant to explain to you the mechanisms they employed to ensure that public funds in the hands of Government are protected against corruption, the answer will be that Accountants put in place and rely on a PFM system with embedded accountability mechanisms or checks and balances. Therefore, in the search for solutions to address the problem of public sector corruption, we need not look beyond our PFM system and specifically the embedded accountability mechanisms. Further, it is important to understand the PFM system because the diverse roles of the accountability institutions are determined by the phases of the Budget Cycle.

1.0 PFM AND THE BUDGET CYCLE

Contained in the PFM system are all the mechanisms needed to promote transparency and accountability and prevent corruption. To gain a better insight of the PFM system and how it helps to promote transparency and accountability, it is useful to explain the theoretical framework for what has become known as the Budget Cycle. This is because Ghana adopts the Westminster model of PFM system which revolves around the annual National Budget.

In a Westminster model, the citizens contribute to the national coffers through the taxes they pay. The Government collects other non-tax revenues on behalf of the people. Through the Executive, the country obtains grants. And again, through the Executive and with the consent of Parliament, loans are procured for the country. At times Government sells state assets. These constitute the revenue sources.

Before the year begins, the Executive makes an estimate of how much money they hope to collect from all the revenue sources. They also determine and set the national priorities for the ensuing year and on the basis of that, allocate and distribute the resources in the annual Budget Statement and Economic Policy of Government.

The economic policies as well as the estimates are scrutinized, debated and approved by the representatives of the people in Parliament and an Appropriation Act is passed.

On the strength of the Appropriation Act, resources in the form of money are allocated to the Ministries, Departments and Agencies (MDAs). The chain does not end there. The Constitution demands a system of accountability and financial scrutiny. The Accountant General is thus mandated to put in place a suitable PFM system to, among other things, capture all accounting transactions and provide personnel to undertake the necessary accounting duties. The Accountant General is further obliged to prepare the year-end financial statements of the MDAs together with the consolidated Public Accounts.

The chain ends with an audit by the Auditor General whose report is sent to Parliament where the Public Accounts Committee is mandated to examine the financial affairs and accounts of the MDAs.

The Budget Cycle as described above has four interdependent phases as follows:

- Phase 1:** The Formulation/ Drafting
- Phase 2:** The Approval/ Legislation
- Phase 3:** The Implementation/ Monitoring
- Phase 4:** The Audit/Assurance

Each phase of the budget cycle contains key accountability mechanisms to enhance transparency and accountability and to check corruption. Accountability demands that all the mechanisms or checks and balances are made to work.

2.0 THE FIRST PHASE OF THE BUDGET CYCLE

In the first phase of the Budget Cycle, the economic policies and financial estimates are formulated for presentation to Parliament. Budgeting theories demand that annual budgets should derive from and be linked to predetermined Long Term strategies and Medium Term Sector strategies developed through broad consultative processes. The key accountability

mechanism in this phase of the Budget Cycle is the need to align the annual budget with the medium term development plans.

In Ghana, the development and preparation of a Medium Term policy is the responsibility of the National Development Planning Commission (NDPC) which is charged “*to provide a national development policy framework and ensure that strategies including consequential policies and programmes are effectively carried out to enhance the well-being and living standards of all Ghanaians on a sustainable basis*” (NDPC Mission Statement, 2015). The Annual National Budget on the other hand is prepared by the Ministry of Finance (MOF).

The NDPC is provided for in the Fourth Republic 1992 Constitution as part of the Executive and the NDPC Act (Act 479) formally established the Commission under the Office of the President.

For an institution charged with such an important function, the Commission has been poorly resourced and indeed ignored for a long time. At a point in time, transfer to the Commission was equated with incarceration in Siberia. The Commission has, in spite of all these challenges, demonstrated a clear ability to perform as evidenced by such publications as the *Ghana-Vision 2020 Policy Document*, *Ghana's Progress Towards the MDG (2006)*, *the Ghana Poverty Reduction Strategy and the Medium Term Development Policy Framework: Ghana Shared Growth and Development Agenda (2010-2013)*.

The processes of the NDPC are widely consultative and do satisfy transparency requirements. Unfortunately, no attempt is made by the MOFEP to link its annual budgets to the Medium Term Development Plans of the NDPC thus defeating a key transparency and public accountability requirement. Rather, it has been the practice of governments to use their party manifestoes as the National Development Plans to draw up the Annual Budgets forgetting that party manifestoes are essentially to win votes and not designed to grow the national economy.

The NDPC has a number of challenges. Both the Constitution and the NDPC Act specify that the NDPC is set up to advise the President and shall be responsible to the President (Art. 86(3) and Art. 87(1)). These two clauses create some amount of confusion in practice. Direct reporting to the President means that the Commission does not report to any ministry and certainly not to the Minister of Finance. At the same time, the Chairman of the Commission, not being a Minister of State does not attend Cabinet meetings and cannot directly engage with Parliament on the floor of Parliament.

The result is that the Commission has no champion to represent it either in Cabinet or in Parliament. It used to be argued that this defect could be cured if the Commission was chaired by distinguished and eminent persons. This has not turned out to be the case. Indeed, there could have been no better chairman than the distinguished J.H. Mensah under the New Patriotic Party administration or the equally distinguished late P.V. Obeng under the present administration and yet this defect continues. Today, we have the highly respected Dr. Kwesi Botchway and, as they say, we live to see.

Yet another problem is that successive Ministers of Finance have had at best, only lukewarm attitudes towards the Chairman of the Commission. This is not surprising since the Minister of Finance and the Chairman of the Commission compete for the ears of the President when it comes to advising the President on issues of development economics.

The composition of the Commission has also not been entirely helpful. It has a Chairman appointed by the President, the Minister of Finance and such other ministers of state as the President may appoint, the Government Statistician, the Governor of the Bank of Ghana, a representative each from the ten regions of Ghana and such persons as the President shall appoint. In recent times, many senior Cabinet Ministers are made members of the Commission thus duplicating the Cabinet and yet the Chairman is below the rank of a Cabinet Minister.

There are two other important issues related to the budget formulation that need to be mentioned. First is the mechanical slashing of estimates submitted by the MDAs when the revenue envelope is not enough to cover estimates from the MDAs. The practice, in such instances, has been for MoF to 'cut' the estimates of MDAs. The cutting is normally done without any meaningful consultation with the ministries involved. The result is that a project which has been professionally costed for some US\$100,000 is allocated about US\$80,000 forcing the ministry to reduce not only the cost but the quality of the end product.

The second issue is that even after the Appropriation Act, releases to the MDAs are uncertain and the MDAs have come to think that the budget is no guarantee that moneys due to them would be released. Besides they have normally been able to obtain significant amounts from MoF without any budgetary cover.

To most civil servants therefore, the budget is not that important planning document that we proclaim it to be and they don't accord the whole budget process the seriousness it deserves.

The clear conclusion is that as far as the first phase of the Budget Cycle is concerned, the key accountability mechanisms are not allowed to operate.

2.1 Recommendations

- The Chairman of the NDPC should have a Cabinet rank and be made a Cabinet Minister. After all, the duties of the Commission cut across all sectors and the Chairman deserves to be where the final decisions on economic management are taken, i.e. at Cabinet Meetings.
- It must be made mandatory for Ministry of Finance to derive and align its annual budgets to the NDPC Development Plans and there must be a visible and clear audit trail for Parliament and Civil Society to track that such has been the case.
- The power to negotiate Government loans should be vested exclusively in the Minister of Finance. However, any such borrowing must be tied to the financing of an approved budget expenditure which derives from the Medium Term Plans of the NDPC.
- Where estimates from MDAs for a particular project have to be slashed, care must be taken not to effect the project in a manner that will affect the quality of the end product and must be done with the approval of the MDA.
- Once provided for in the Appropriations Act, all attempts must be made to release the funds to the MDA and no expenditure must be made by the MDAs unless provided for in the Appropriations Act. Our fiscal responsibility laws must make it a crime for payment to be made outside of the approved budget.

It must be pointed out that Parliament has no role to play in this phase. The system is so designed for the Executive to prepare the Budget for subsequent approval by Parliament.

3.0 THE SECOND PHASE OF THE BUDGET CYCLE

In the second phase of the Budget Cycle, the draft annual budget appropriately styled as the Budget Statement and Economic Policy of the Government is submitted to Parliament (Art. 179(1) for scrutiny, debate and approval. **Parliament is the key Accountability Institution in this phase.**

This phase provides Parliament the opportunity to review and debate the economic policies of government, the assumptions underlying the budget as well as the annual estimates of the MDAs. There are very potent accountability mechanisms in this phase.

Unfortunately, the key accountability mechanism (check and balance) for Parliament to engage in broad debates on the government's economic policies and assumptions as well as the annual estimates is often lost for a number of reasons:

1. The Budget Document is a voluminous one and will require days of careful reading for the average parliamentarian to grasp the issues contained therein. Unfortunately, the budget is normally presented so late that Parliament has only a few days for members to make contributions on the policy goals and economic objectives. Because of the time challenges, only a handful of the 275 members of the House have the opportunity to make interventions on the floor.
2. There is absolutely no consultation with Members of Parliament from both sides of the House before the document is submitted to Parliament. While this in itself is acceptable, there has always been the tendency for the Government of the day to adopt the attitude that, once presented to Parliament, the Budget document is too delicate a political document to be allowed to be defeated on the floor. All efforts are therefore made by the government whips to insist that members from the governing party do not criticize the budget statement.

The Constitution demands that the majority of ministers be picked from among Members of Parliament. And since all Parliamentarians on the government benches harbour the ambition to become Ministers of State, getting the members to “behave” and avoid incurring the wrath of the President is not normally a difficult enterprise for the government whips.

3. Another issue which needs to be addressed during this phase of the Budget Cycle is the constitutional demand in Article 108(a) (ii) which denies Parliament the right to impose “a charge on the Consolidated Fund or other public funds of Ghana or the alteration of any such charge otherwise than by reduction.”

The effect of this provision is that even though Parliament is obliged to scrutinize and approve the budget, it is denied the right to make any upward revision so as not to place any burden on the exchequer. While there can be some wisdom behind this provision, it has the tendency to diminish the enthusiasm of Parliament in reviewing the estimates. As a direct result of this, the scrutiny of the estimates has become rather mechanical and does not provide the accountability mechanism it is supposed to serve.

Again and regrettably, the major accountability mechanisms in this second phase of the budget cycle are rendered ineffective much to the discredit of Parliament.

3.1 Recommendations

To strengthen the transparency and accountability mechanisms under this phase of the Budget Process the following recommendations are made:

1. Article 179 (1) which allows the President to lay before Parliament the annual budget “at least one month before the end of the financial year” should be reviewed. It should be possible for the budget to be submitted to Parliament two to three months before the year-end to give members sufficient time to scrutinize and debate the Budget proposals.
2. To enable Members of Parliament from all sides, to exercise their independent minds in all debates, the constitutional requirement that ministers of state can be picked from among Members of Parliament should be reviewed. This way, Parliament can assert its autonomy in full and enhance its capacity to hold the executive accountable at all times.
3. A mechanism should be found to endow parliamentarians with the capacity to understand, analyze and scrutinize the Budget. The proposed Budget Office in Parliament will be extremely useful in this regard.
4. Article 108 (a) (ii) of the Constitution should be reviewed to give Parliament the right to impose a charge on the Consolidated fund under some defined guidelines and conditions.

4.0 THE THIRD PHASE OF THE BUDGET CYCLE

The third phase of the Budget Cycle is the Implementation and Monitoring Phase where monies are released to MDAs on the strength of the Appropriation Act. The Minister of Finance through the Controller and Accountant General is mandated to put in place PFM system to among other things capture all accounting transactions.

The accounting system should incorporate relevant internal controls and internal audit and should be able to generate year-end financial statements.

In practice, there are a number of challenges with respect to the above mentioned accountability regime.

1. The Accounting and Reporting Modules under the country's PFM system have never worked. What this means is that, the MDAs are unable to capture and record all accounting transactions and neither are they able to produce year-end financial statements.

This, of course, is as serious as it is outrageous but we have had to live with this rather scandalous state of affairs for many, many years. Article 187(2) of the Constitution stipulates that “the Public accounts of Ghana and of all public offices.....shall be audited and reported on by the Auditor General” annually.

Such an audit can be feasible only when all accounting transactions of the MDA's can be captured and recorded and annual financial statements prepared. In the absence of financial statements for the MDAs, the Auditor General has been restricted to undertaking Transactions Audit instead of a complete Balance Sheet audit envisaged by the Constitution.

Although, the Accountant General manages to prepare what is referred to as the Annual Public Accounts of Ghana, this is achieved through some rather “cute accounting” methods. The Public Accounts of Ghana must in theory be a consolidation of the accounts of the MDAs. In the absence of accounts of MDAs, the practice has been for the Accountant General to prepare the Public Accounts on the basis of disbursements to the MDA's from the records of the Accountant General.

2. Because of the absence of the financial accounting and reporting module in the PFM system, much needed internal controls and internal check systems are not in place leading to several cases of corruption and misappropriation of budgeted funds.
3. A direct consequence of the inability by the MDAs to produce their financial statements is the lack of financial data to permit effective monitoring and evaluation. For the same reason, management information reports such as Budget Variance Analysis which are all part of the accountability regime cannot be prepared.
4. There are frequent instances of out of budget expenditures as well as budget overruns and yet there are no sanctions against officials who engage in such fiscal indiscipline.

Once again the essential accountability mechanisms do not work.

The specific role of Parliament at this third phase is for the Select Committees to oversight the financial activities of the MDAs by monitoring their financial and other operational activities in the course of the year without having to wait for the external audit of the Auditor General three months after the monies have been spent. There are two major reasons for the persistent inability of the Sector Committees to play this very important role. Firstly, the Sector Committees do not have budgetary allocations to pay for site visits and secondly in the absence of a functional accounting system the Committees do not have reliable financial data such as Variance Analysis reports to permit effective monitoring.

4.1 Recommendations

1. Government should speed up the introduction of a sound accounting system. The Ghana Integrated Financial Management Information System (GIFMIS) is the latest attempt by Ministry of Finance to produce an entity-wide state-of-the-art budget and financial system that will serve as the official system of record to meet GOG's budget, financial accounting and reporting, disbursements, internal control and auditing requirements. We must all give it our utmost support.
2. Staff at the Public Accounts Section of the Accountant General's Department should be motivated and the Section accorded with the importance it deserves. It is no secret that staff members dread the prospect of a transfer to that unit.

3. Government should find a way to attract qualified and experienced accountants into the MDAs.
4. The present state of affairs where the MDAs cannot capture all accounting transactions to prepare annual accounts is too scandalous to be entertained. Accounting firms should be contracted to perform the accounting functions for the MDAs until they can build the capacity of the MDAs.
5. Chief Directors should be sanctioned for failure to prepare timely annual financial statements.
6. Unless there is clearance by the Auditor General and the Public Accounts Committee of Parliament to the effect that MDAs have discharged all accounting and reporting obligations and have cleared all audit queries, the Minister of Finance should withhold budgetary releases to the MDA.
7. Public Officers, particularly the Chief Directors and Heads of Departments and Agencies must be conversant with the financial rules and regulations and they should administer them firmly and strictly. They must be bold to stand up to political leaders and advise what they can or cannot do.
8. Probably, it is about time to legislate to entrench the independence of the public service from political interventions as advocated by some writers.

5.0 THE FOURTH PHASE OF THE BUDGET CYCLE

The fourth phase of the Budget cycle is referred to as the Audit/Assurance phase and it seeks to provide assurance to the public that the government has sufficiently accounted for its spending of taxpayer's money and for its stewardship over public assets in the manner approved by the legislature. The activities in this phase represent the most prominent accountability mechanisms.

In a democracy and in the African context, where citizens are suspicious of politicians and indeed do not trust them, such independent assurance by the Auditor General is very important. Democracy, as was said earlier, entails accountability for the exercise of power and this independent confirmation is of crucial importance.

An audit is described as independent examination by an independent auditor who issues an independent report as the end product of his examination. Independence is therefore central to the whole audit process and in fact a “dependent auditor” is a contradiction in terms.

It is therefore necessary to advocate for a truly independent Auditor General in such matters as the method of appointment, tenure, career expectations, method of removal, funding as well as legal immunities attaching to the office. It is important to stress that the Auditor General is not part of the Executive arm of government. He is not a government auditor. The trend is for the Auditor General to be associated with the legislature as an officer of Parliament both responsible and accountable to Parliament.

The Auditor General conducts various types of audit. These are Compliance/Financial Audits, Performance/Value for Money Audit and Special Audits.

In the advanced countries and from the 1970s, the focus is now on Performance/Value for Money Audit. In UK, 75% and in Canada about 70% of audit time and effort focus on Performance/Value for Money Audit. This has expanded the role of the Auditor General from being an auditor of the public accounts and financial transactions of the state to that of a promoter of organizational performance.

The focus on Performance/Value for Money Audit in the developed countries has been made possible because of the effectiveness of their PFM systems. Compliance can now be taken for granted and there hardly are any qualified audit reports on public accounts.

In Ghana, our concentration continues to be on compliance audit because we do not have sound and effective PFM. All the same, the trend has been for the Auditor General to take on board Performance/Value for Money Audits even if on a limited scale.

The Auditor General presents his reports not to the Executive arm of government but rather to Parliament where the Public Accounts Committee (PAC) gives finality to the audit process.

5.1 Recommendations

1. Enhance the independence of the Auditor General by appointing him/her through a transparent process. A vacant position should be advertised and a short-list prepared by an ad hoc committee of the local accountancy professional institutes. Those short-listed should be interviewed by the Public Services Commission and whoever emerges as the most suitable candidate should be appointed by Parliament. In other words the Auditor General must be an officer of Parliament both responsible and accountable to Parliament.
2. The provisions of the Audit Service Act, 2000 (Act 584, Section 27) with regard to the budgetary estimates of the Service which stipulate that in respect of the Audit Service, the estimates they submit “*shall be laid before parliament without revision but with any recommendations that the Government may have on them*” should be strictly enforced.
3. The Audit Service should be supported to attract qualified staff and to continuously build the capacity of staff members.
4. Donor Partners should recognize the important role played by the Auditor General and provide such support as is necessary for the service to maintain its professional competence at all times.

6.0 THE OVERSIGHT ROLE OF PARLIAMENT

The oversight roles of the Parliament of Ghana to check corruption “and make its practice a high risk, low-gain activity” are in Phases 2, 3 and 4 of the Budget Cycle.

In Phase 2, it is the duty of Parliament to receive, examine, debate and approve the President's Budget proposals. This is a heavy responsibility which ultimately determines whether the country has a good annual budget or not. Sad to say, Parliament's performance in this area has not been satisfactory. Debates have been too partisan and have not produced the benefits which the framers of the Constitution envisaged.

In Phase 3, an oversight role is again placed on Parliament to ensure that while the monies released to the MDAs are being spent, Parliament will intervene by monitoring and evaluating the financial activities of the MDAs and also ensure that projects and programmes undertaken by the MDAs are done with due regard to Economy, Efficiency and Effectiveness.

This supervisory role is unfortunately ignored by Parliament. No site visits are undertaken and no reliable financial data are made available to Parliament for them to monitor.

By far the most significant oversight responsibility of Parliament occurs at the fourth phase of the Budget Cycle where the Auditor General conducts an independent audit of the accounts of the MDAs and the Consolidated Fund to assure citizens that the MDAs have expended funds in accordance with the Appropriation Act and also in compliance with the financial laws of the country.

The Auditor General submits his Report to Parliament and draws Parliament's attention to any irregularities in the accounts audited as well as any other matter which in his opinion ought to be brought to the notice of Parliament. The interrogation of the Auditor General's report by Parliament concludes the audit process and is therefore part of the entire audit process initiated by the Auditor General.

The practice has been for the Auditor General to submit his reports six months after the year end to Parliament. When laid on the floor of Parliament the reports are referred to the Public Accounts Committee - a Standing Committee of Parliament.

The Public Accounts Committee begins its interrogation by inviting the Auditor General to take the committee through the Report. Specifically, he briefs the committee on why the Audit was undertaken, what the Audit Objectives were, the Audit Methodology, the Audit Findings and Recommendations. This is to give members of the committee a thorough understanding of the Audit Report. Subsequent to this, witnesses from the MDAs are invited to meet the committee for a Public Hearing which is normally televised live essentially to name and shame persons cited for financial malfeasance in the audit reports. The Committee subsequently submits a report to the Plenary where the report is adopted by the House.

The oversight role of Parliament, in this phase has not been without its own challenges. By the nature of its work, the work of the committee must be conducted without partisan politics. Although, most of the reports are discussed without partisan politics, the Committee has not been able to avoid partisanship in discussing politically tainted reports thus defeating the purpose of the work of the Committee.

Another major challenge has been the unwillingness of the House leadership to lay reports of the Committee which are perceived to be embarrassing to the government in the house for debate. The result is that some reports are kept until after the four year term of the Parliament when, under the Standing Orders of Parliament, such reports can no longer be laid.

Audit recommendations must necessarily be implemented otherwise no benefit accrues from the whole audit process. The Financial Administration Act and the Audit Service Act provide two mechanisms to ensure the implementation of audit recommendations. The first is the Audit Report Implementation Committee (ARIC) which was created under Section 30(1) of the Audit Service Act, (Act 584) and requires all institutions subject to auditing by the Auditor General including MDAs and MMDAs to set up an ARIC to ensure the implementation of the recommendations of Audit Reports.

ARIC is therefore set up as a statutory and high level independent governance committee in the PFM system. The Act requires ARIC to comprise of:

- The Governing Board or Council of that Institution, Department, Body or Organisation where such Council or Board exist by law, or
- A Ministerial Committee from Ministries Departments or Agencies of the Central Government, or
- A Special Committee of the MMDAs

Although, the Act came into service in the year 2000, it has been observed that up to the year 2012 there was no functional ARIC in the MDAs or MMDAs. Secondly, the composition of the ARIC is problematic, in that it comprises key officials of the institution against whom adverse findings had been made.

The second institution that was charged with the implementation of audit findings was the Financial Administration Court. The Financial Administration Court (FAC) which was established under the Financial Administration Act 2003 (Act 654) was to be made up of a High Court Judge, a Chartered Accountant and a Management Accountant or a Valuer. The Court's jurisdiction was to enforce the recommendations of the Public Accounts Committee on the Auditor General's Reports. Again, this Court has not been set up because of the practical difficulty to appoint non-lawyers such as a Chartered or Management accountant as a high court judge. The inability of the Chief Justice to constitute the Financial Administration Court in pursuant to the Financial Administration Act has been severely criticized, in my opinion, without any justification. A panel of a high court judge and accountants is not needed to handle the recommendations of the Public Accounts Committee. The Fast Track Financial High Court that opened for business on March 3, 2014 can handle all such cases speedily.

It is also important to point out that about 95% of recommendations contained in the Auditor General's Reports are administrative and have nothing to do with the courts. A body to implement such administrative recommendations must be an administrative panel set up under Parliament to monitor compliance of audit recommendations.

At the Chief Justice's Annual Forum in Accra in November 2014, the Chief Justice lamented that since the financial courts opened for business on March 3, 2014, not a single case had been filed as at November 2014. There must therefore be other reasons why cases are not being filed.

This reason may well be the fact that only the Minister of Justice and Attorney General can pursue cases of financial misappropriations cited in the Auditor General's Report in court. In Ghana, we have this peculiar position where the Minister of Justice is the same as the Attorney General. Being a member of the executive arm of the Government it is highly unlikely that a Minister of Justice and Attorney General can have the courage to drag members of his political party cited in the Auditor General's Report to court. This should be changed. After all, it was a clear intention of the Constitution that the executive should stay out of the audit process and subsequent sanctions by the Auditor General.

The question of sanctions is very important. An audit must end up with a commendation or a sanction. The many cases of financial indiscipline and corruption contained in the Auditor General's Report are because of our inability to sanction public officials who engage in such activities. Sanctions have worked well in the private sector in Ghana and should be made to work in the public sector.

In trying to pinpoint the exact oversight roles of Parliament under our Public Financial Management system, the question that must be posed is whether Parliament as presently constituted and operated can fulfill the oversight roles. Many a citizen will argue that Parliament cannot.

Firstly, to be able to oversight, Parliament must be independent of the Executive that it oversees. Our Parliament is not independent in this respect. The President has effective control over Parliament and can obtain approval for virtually all that he wants.

He appoints the Speaker and the first Deputy Speaker. He appoints the Majority Leader and his First Deputy. He appoints the Majority Chief Whip and his Deputy. He controls the Parliamentary Service Board. The Clerk is appointed by the President. Members of the Parliamentary Service Board are appointed by the President.

To fortify his control over Parliament, since 1993, the President has always had majority of Parliamentarians coming from his party. Simply put, the President has absolute control over Parliament thus dispossessing Parliament of the independence it requires to demand accountability from the Executive.

Secondly, there is too much partisanship in Parliament. The interests of political parties are deemed more important than the interests of the nation state, Ghana. The principal cause of this is the culture of exclusion and non-participation. Ours is a winner takes all without regard to inclusion and participation. A parliamentarian must therefore never sacrifice the interests of his party and if the interests of his party conflict with those of the State, the political party must reign supreme.

Thirdly, there is too much sycophancy in Parliament. This is encouraged by the constitutional obligation of the President to choose majority of his ministers from Parliament. Parliamentarians are a very ambitious set of people and for the MPs in the Government party their constant prayers are that they be named as ministers. Naturally, they dare not challenge the President on the floor of parliament. Clearly, unless we discontinue the practice of appointing ministers from Parliament, there can be no effective oversight by parliamentarians.

Fourthly, this practice of sycophancy is facilitated by another weird practice in Parliament known as the Voice Vote. The voice vote allows the parliamentarian to vote to kill his own father without anybody knowing that he voted as such. We must put faces to the votes so that the whole world will know who voted for a particular motion. It will put the fear of God in MPs when voting on sensitive issues.

Fifthly, talking about independence and the all-powerful executive, Parliament enjoys no financial independence. In spite of constitutional attempts to provide Parliament with financial independence, this in practice is not the case. Parliament is never given sufficient resources and even when resources are guaranteed in the Budget, releases by the Ministry of Finance become problematic.

Sixthly, the parliamentarian is simply not provided with the resources to do his work. What we have today is a House of 275 frustrated parliamentarians, so poorly remunerated that, they cannot meet the demands of their families and constituents. The parliamentarians from the Akan areas need an average of GHS 2000 per month for funeral donations and an equal amount for fuel to drive to the funeral sites. There are similar demands on parliamentarians from the non-Akan areas.

The MPs have no secretariats and supporting staff either in Parliament or in their constituencies. Most times, they are under attack and are harassed by constituents who see them as a “Micro Finance Entity”.

However, if I may ask, if we do not have the resources to pay them why maintain as many as 275 MPs in a small country like Ghana? We can do with 104, at most 125 Members. Pay them well and provide them with the resources they need to do their work well and not much will be lost. After all, from the Hansard, one can observe that in a year, less than one hundred MPs speak on the floor and the work that the 275 MPs do in the committees can be better handled by smaller committees.

7.0 CONCLUSION

What emerges from this presentation is that the key accountability mechanisms in our Budget Cycle have all been rendered ineffective for various reasons. Secondly, the specific oversight roles of Parliament have not been performed effectively. As the key accountability institution, Parliament is poorly structured and resourced to play its role. That corruption is on the increase should therefore not surprise us. We should move to quickly reverse this unfortunate situation. Today, there is a groundswell of frustration in the country and growing demand for efficiency, transparency and accountability in government and in public financial management.

People continue to demand that public funds are utilized with due regard to economy, efficiency and effectiveness. Are there systems in place to check fraud, theft and corruption? The facts on the ground do not suggest that public funds are being accounted for properly because key accountability arrangements are not being followed thus fostering corruption.

If we have an effective PFM system which is functional, we can all go to sleep with the belief that not only donor funds but the taxes we pay to Government are utilized with due regard to economy, efficiency and effectiveness. It is a matter of regret that where it really matters, our PFMS does not work. Specifically, that very crucial Accounting and Reporting Module which will enable the MDAs to capture and record all accounting transactions and produce periodic financial management information is not operational. As a consequence of this, our MDAs are unable to give an account of how much revenue is made available to them, how the money was spent and in particular, the financial positions of the MDAs at the end of each year.

To reverse this position, we need concerted actions by various stakeholders to get the accountability mechanisms to work.

The first group of stakeholders:

- Government must show commitment and lead the way. They must recognize the unique role that sanctions can play in the fight against corruption.
- The Minister of Finance and Chairman of the NDPC must agree to work together in the preparation of the Annual Budget
- The Auditor General must assert his independence and continue to improve the quality of work
- We must critically reassess whether Parliament as presently constituted is able to discharge its oversight roles and whether it is adequately resourced to do so.

The second group of stakeholders is the Donor Community who can demand that Governments allow the various Accountability Mechanisms to operate freely.

The third group of Stakeholders is Civil Society Organizations and Media who can put pressure on Government and the other Stakeholders to ensure proper accountability.

The framers of our Constitution foresaw the need for accountability and they therefore provided for accountability institutions. These institutions are referred to as the Horizontal Accountability Institutions and they comprise of the Audit Service, Parliament, the Judiciary and the Anti-Corruption Agencies such as CHRAJ. Unfortunately, all these agencies are headed by appointees of the President and therefore lack the independence to hold the government to account. Civil Society Organizations including academia and the media do not suffer from this lack of independence and should constitute themselves as the Vertical Accountability Institutions to complement the efforts of the horizontal institutions.

Finally, if we want accountability, the Government must feel obliged to give information and the citizens must feel obliged to demand information. The Whistle Blower Act (2006) Act 720 has empowered us in the public interest to disclose useful information relating to corruption and illicit transactions and be fully protected. A Right to Information Act must follow to facilitate access to official information and all must support the early passage of the Bill which is now in Parliament.

It cannot be overemphasized that Parliament has to be at the centre of our collective efforts to combat public sector corruption. The three globally accepted principles in the fight against corruption, namely Prevention, Education and Enforcement are areas that Parliament should direct their efforts. They must be assisted to do this.

8.0 REFERENCES

- Kaufman, Daniel, 1997, “Corruption : The Facts”. Foreign Policy, No. 107, pp. 114-131.
- Government of Ghana, 1992, Constitution of the Republic of Ghana (Accra: Assembly Press of Ghana Publishing Corporation).
- Government of Ghana, 1994, National Development Planning Commission Act, 1994 (Act 479) (Accra: Assembly Press of Ghana Publishing Corporation).
- Government of Ghana, 2000, Audit Service Act, 2000 (Accra: Assembly Press of Ghana Publishing Corporation).
- Government of Ghana, 2003, Financial Administration Act, 2003 (Act 654) (Accra: Assembly Press of Ghana Publishing Corporation).
- Government of Ghana, 2003, Internal Audit Agency Act, 2003 (Act 658) (Accra: Assembly Press of Ghana Publishing Corporation).
- International Organisation of Supreme Audit Institutions (INTOSAI), 1998, INTOSAI Code of Ethics and Auditing Standards, p.74, (Vienna, Austria: INTOSAI).
- Amoako-Tufour, Joe, 2008, Poverty Reduction Strategies in Action: Perspectives and Lessons from Ghana (Lanham, Maryland: Lexington Books).
- National Development Planning Commission (NDPC), 2015, “Mission Statement”. <http://www.ndpc.gov.gh/>
- Klitgaard, Robert, 1998, International cooperation against corruption. Finance & Development, Vol. 35, No. 1.

Dennis, Tom, 2010, “Say What You Mean, Mean What You Say, and Do What You Say You'll Do! Workplace Insanity: Situations and Solutions Reflecting the Everyday Insanity of the Work Place”. <http://www.workplaceinsanity.com/2010/09/say-what-you-mean-mean-what-you-say-and.html>

