



Public Accounts Committee Activity

Conference of Canadian Council of Public Accounts Committees

The ninth annual conference of the Canadian Council of Public Accounts Committees was held in Quebec City from July 5-9, 1987. In attendance were 34 parliamentarians who had as part of their legislative assignments membership in their respective public accounts committees and eight clerks, researchers and observers.

The conference was opened on Monday, July 6th with remarks from Jean-Guy Lemieux, President of the Council and Chairman of Quebec's Budget and Administration Committee.

A round table discussion ensued revolving around the actual operation of public accounts committees from each jurisdiction; each delegation presented a concise overview of the method of operation and the results of their work over the past year.

Mr. Lemieux began the afternoon's session with a speech posing several questions for the council to consider: "to what extent does the fact that a civil servant has been appointed under a particular government affect the reaction of parties with regard to the civil servant? Might there not be a tendency to blame the government that appointed him? What would be the consequence for civil servants of inadequacies revealed by a committee? Could penalties be imposed? If a distinction were to be established between sectorial administrative units that are centralized (ministries) and those that are decentralized (public bodies), in what way would accountability be different, taking into consideration the different degree of involvement of the minister?"

The session sparked intense debate among the delegates.

On Tuesday, July 7th, the subject of comprehensive auditing, its background, characteristics, methods, limits, strengths, weaknesses, and recent experiences provoked a frank discussion between those jurisdictions employing this audit method and those who currently do not.

The Council debated the application of comprehensive auditing in Canada in light of economy, efficiency and effectiveness issues, holding the executive arm of government accountable, while striking a balance between the cost of the audit and the results used by parliamentarians in an evaluation of government expenditures.

Mr. Lemieux said, "We must remember that requests made to the legislative auditor for comprehensive auditing may be much more urgent than in other cases. The reasons are simple: on the one hand, such an examination concerns the whole management of the chosen administration and becomes an important instrument of accountability; on the other hand, a comprehensive audit of a ministry or public body is carried out only every four or five years. Consequently, there may well be a delay between the time deemed useful for the study by the public accounts committee and the time it is actually carried out.

It should be noted that if each ministry or public body is submitted to a comprehensive audit only every four or five years, the reason is the choice of the audit cycle which is established in a manner to permit the audit of all respects at least once during the regular length of a legislature. This method of proceeding is related primarily to reasons of cost, and probably attempts to reduce the rather inevitable disturbance of operations caused by such an exercise."

The Council pondered the relevancy of comprehensive auditing in the context of comprehensive audits made on the request of public accounts committees and the importance attached to the annual or common plan between public accounts committee and legislative auditors.

Since its inception, the Canadian Council of Public Accounts Committees (CCPAC) has held its annual conference coincident with but not part of the Conference of Legislative Auditors. The only substantial common venture between the two associations is a joint meeting between them to discuss issues of mutual interest and concern.

This year, an afternoon joint session consisted of a review, started last year at the suggestion of Willard Lutz, Provincial Auditor for the Province of Saskatchewan of the expectations gap as it relates to legislative auditors and members of public accounts committees. It was said that expectations were not realized primarily due to mutual misunderstandings, political and philosophical - in what was described as a complementary relationship where each group assisted the other in reaching its primary objective.

The Yukon Public Accounts committee produced a paper entitled, "Follow-up: The Paper Chase Phenomenon" presented by Willard Phelps, MLA, Chairman and Leader of the Opposition. In it, Mr. Phelps informed the council of procedures the Yukon public accounts committee had revised in order to expedite the committee's follow-up process.

As a result, twelve recommendations by the Yukon committee out of a total of eighty-eight proposed since 1980 are considered in Phelps' words "not fully



Delegates to the CCPAC meeting in Quebec City

implemented" - a vast improvement in the implementation process.

The increased effectiveness of the Yukon Public Accounts Committee was its innate "tenacity in doggedly pursuing follow-up... enthusiasm demonstrated by all of the committee members" and Government Leader Tony Penikett's commitment to enhancing the role of the public accounts committee.

Mr. Phelps said that "if it were not for the follow-up process, the never-ending paper chase, the committee would be an indolent watchdog whose bark would cause little consternation. Its bite is the follow-through. I believe that effective follow-up is the hallmark of an effective committee and I think it is through our tenacity in this regard that our PAC has attained its present stature. The whole follow-up process has another positive side. It takes what could be a faceless, harmless inertia and energizes it."

Arnold McCallum, MLA, Chairman of the Standing Committee on Public Accounts for the Northwest Territories delivered two reports at the Council's annual meeting: "Follow-up to committee reports - the experience of the Public Accounts Committee of the N.W.T." and "An examination of the review of special warrants by the Standing Committee on Public Accounts in the N.W.T."

Regarding the follow-up to committee reports, Mr. McCallum stated "to be

effective a public accounts committee cannot make recommendations, without having in place a procedure to ensure that these recommendations, are being acted upon. Initially," he said, "follow-up was done by committee staff who had made notes of the responses received from various government departments. This leads to tardy departmental responses implementing the committee's recommendation." By the time its third report was presented to the House, the Northwest Territories Committee wrote ... "it is also important to note the considerable dissatisfaction with the very slow response, and sometimes lack of action, taken by most departments in addressing the concerns of this committee."

Though the committee recognized that it was partly to blame for not establishing guidelines to which departments so affected could adhere upon receiving the committee's recommendations, the Public Accounts Committee recommended "that the Comptroller General be given the responsibility to ensure that all departments act, in a timely manner, on the recommendations of the public accounts committee", and, ... "that the chairman of the standing committee on public accounts undertake regular follow-up through the Office of the Comptroller General, and where necessary directly with officials of the department or agency concerned, to ensure that the committee's

recommendations are being acted upon in both an adequate and timely manner."

To date, Mr. McCallum said, "progress has been made toward a systematic and methodical review of each recommendation the public accounts committee makes to the House that is subsequently concurred in, in order to assure itself, the House, and the public that implementation is being fulfilled."

The report on special warrants compared the committee's involvement in 1985 to the current practice. Specific examples were provided the Council with respect to the Territories' use of special warrants where the Financial Management Board "may have authorized expenditures for only the most tenuous reasons for urgency." Quoting from the Second Report to the Legislative Assembly, Mr. McCallum stated that "the proliferation of special warrants by the government has been an ongoing concern of committee members since the authority, if unrestricted, has the potential to usurp the function of the Legislative Assembly and to abridge its authority to appropriate funds."

In 1984 the NWT Committee recommended that "the Auditor General of Canada examine the schedule of special warrants to the territorial accounts in the course of the regular audit of the accounts and financial transactions of the government to ensure that warrants have

been issued in accordance with established legal authority."

The Council heard of the success encountered to date by the Northwest Territories Public Accounts Committee on the matter of special warrants: "...The use of such warrants was reduced from 171 in 83/84 to only 23 in 86/87. Our success demonstrates that solutions may not come about instantly but that with diligence and continued follow-up the Public Accounts Committee does make a difference."

The council reviewed the criteria established by the NWT Financial Management Secretariat for evaluating special warrant requests: Is the expenditure required to immediately resolve or prevent a serious problem? Is payment or commitment required before next sitting of Legislative Assembly? If funds are required in order to enter into an approved contract will non approval of the special warrant seriously delay the project? Can the department fund from within?

Aideen Nicholson, MP, Chairman of the Canadian House of Commons Public Accounts Committee presented a paper on the role of the federal committee. She informed the Council that in Ottawa, "the public accounts committee works closely with the Auditor General. The members of Parliament who serve on the public accounts committee rely on the Auditor General and his staff who have the facilities and the competence to carry out detailed audits. The Auditor General in turn, depends on an active, vigorous public accounts committee and the support of the House of Commons to overcome departmental resistance to scrutiny and to making changes." Ms. Nicholson stated that the formula for success of the Ottawa Committee was in place in large part due to the harmonious relationship among the committee members and between the Public Accounts Committee, the Auditor General, the government and the civil service.

The Ontario Public Accounts Committee submitted two reports to the Council: entitled, "The Public Accounts Committee's inquiry into the financing arrangements for the construction of a domed stadium," and, "the Ontario Public Accounts Committee: role, structure and activities 1985 - 1987."

The domed stadium report provided the Council with more than a glimpse of the investigation into the financing arrangements. It was said that the

expansion of the committee's role became apparent in the life of the Ontario parliament during its "minority" government period. "The committee has undertaken an exceptionally large number of inquiries, many of which have gone beyond the traditional focus on past expenditures by government ministries to investigate matters including current and proposed expenditures, issues not related to the Provincial Auditor's Report, and policy matters that had previously been considered beyond the committees' mandate." The report said the result was profound. The Council learned "these investigations have frequently brought about changes not only in the administrative and management procedures of the Ontario government, but also in its policies and programs. In some instances, the inquiries have also brought about action in the private sector."

The domed stadium inquiry...represented a departure from the usual business of public accounts committees...a test case for the broadening and redefinition of the public accounts committee and the provincial Auditor "... The domed stadium inquiry was also unusually complex in that it involved an investigation of public expenditures on three levels (federal, provincial and municipal) and of private sector funding."

It was significant the Council heard that through its recommendations the Ontario committee was able to influence the actions of the private sector consortium "over which it has no legislative authority."

The Council bore witness to this innovative and precedent-setting role by the Ontario public accounts committee and each jurisdiction in turn, pondered, the procedural and political ramifications of the Ontario model within their respective legislatures.

Ontario's second paper described the structure and operations of the public accounts committee there since 1985. The council reviewed the Ontario committee's mandate which is to examine and report to the Ontario legislature "the reliability and appropriate uses of information in the public accounts; the collection of an accounting for revenues; the maintenance of expenditures within the limits and for the purposes authorized by the Legislative Assembly; the adequacy of safeguards to protect assets from loss, waste, and misappropriation; the regard for economy in the acquisition of goods and services;

the regard for efficiency in operations; the effectiveness of programs in achieving their stated objectives; the annual review of the estimates of the office of the Provincial Auditor; and the examination, in confidence, of the premier's travel expenditures." Committee activity revolved around ministry operations and special reviews, predominantly, the proposed domed stadium for Toronto, the forest management activities of the Ministry of Natural Resources, the sale of the Crown-owned Urban Transportation Development Corporation, cost overruns on the Ontario Pavilion at Expo '86, and conflict of interest allegations concerning a Minister of the Crown.

The Ontario report concluded by stating "the committee anticipates that the broadening of its role and activities... will enhance its ability to achieve that goal which is to hold government accountable in the spending and management of public funds while saving the taxpayers of the province a significant amount of money."

On Wednesday, July 8th the Council conducted its annual housekeeping business, reviewing its constitution, electing its officers for 1987-88 and arranging for the site of the tenth annual conference. The officers for 1988 are William Gillis, (Nova Scotia), President; Barry Pashak, (Alberta), First Vice President; Winston Baker (Nfld), Second Vice President, and Craig James, Clerk of Committees in British Columbia, Executive Secretary.

The Council established a sub-committee comprised of Darlene Marzari, Aideen Nicholson, and Winston Baker, to recommend guidelines to which all Canadian Public Accounts Committees could adhere throughout their deliberations in order to provide some procedural consistency across the land. It is expected that the sub-committee will undertake a review during the year of the Canadian Institute of Chartered Accountant's public sector auditing committee's recommendations that pertain to auditing in the public sector as well as producing draft terms of reference for subsequent presentation to the Council and debate at its annual meeting in Nova Scotia next July.

Craig James
Executive Secretary
Canadian Council of Public
Accounts Committees