



## New Directions in Public Accountability

Ed Philip, MPP

In recent years, the Ontario Public Accounts Committee's role has expanded, while its procedures and approaches are evolving rapidly. This evolution is taking place in the context of a range of parliamentary reforms in Ontario and throughout the world. Changes which seemed to be threatening or even radical years ago are now accepted or are under serious consideration in Ontario and other jurisdictions. Some people fear that this moves us from a parliamentary system towards the congressional system of the United States. I would argue that these reforms, which I have been advocating for many years, result in the blending of some of the more effective processes of both. The growing complexity of our world means that many issues no longer fall into neat categories that can be divided along party political lines. There are problems which can be resolved in a consensus manner by reasonable persons regardless of their political persuasion.

Political parties of both left and right at least give lip service to concerns about increasing deficits, programs that do not meet objectives, and various examples of waste and mismanagement. It is my contention that in adapting some features of the congressional system, the Ontario Public Accounts Committee is breaking new ground in making the bureaucracy more accountable and efficient.

The Public Accounts Committee shares a common goal with government financial managers. Both strive to ensure the best possible management and use of the

taxpayer's dollar. They also face common challenges of increased government spending, greater complexity and scope of activities, and financial constraints. These challenges mean that it is more important than ever to ensure economy, efficiency, and effectiveness in government operations and programs. The Public Accounts Committee plays an increasingly significant role in achieving that goal.

Within the context of change and development in its scope and procedures, the purpose of the Public Accounts Committee has remained constant. Our system of parliamentary democracy is based on the fact that the people, through the legislature, control the funds which they have provided to those who govern. The purpose of the Public Accounts Committee is to hold the government of the day accountable for the use of public funds entrusted to it. However, the means by which the Ontario Public Accounts Committee achieves that goal of holding the government accountable have greatly expanded and strengthened over the years.

One key area of change is an expansion in the areas of government activity which the Committee holds accountable. Throughout much of its history, the Committee confined its investigations to the activities and direct expenditures of government departments. Then, in 1978, the new *Audit Act* empowered the Provincial Auditor to conduct audits or to direct the audits of most major crown agencies. Since that time, the

Committee has devoted a substantial share of its attention each year to investigating the crown agencies discussed in the Auditor's reports.

Another major advance in the 1978 *Audit Act* was that it empowered the Public Accounts Committee to request the Auditor to conduct special examinations of any matter covered in the Public Accounts – a power not shared by most other Public Accounts Committees. The Committee has made extensive use of this provision during the 1980s, conducting over half a dozen special studies in most years since 1982. One example is the investigation of the financing of the SkyDome which the Committee conducted in 1985 and 1986 and which it is continuing later this fall. Although most of the Committee's actual recommendations of 1985 and 1986 have been implemented, a number of further concerns were voiced at that time which still merit scrutiny.

In his 1987 Report, the Provincial Auditor also reviewed the system of tax expenditures in Ontario. It is likely that the future holds more scrutiny of these major but almost invisible expenditures. Most recently, the Provincial Auditor is expanding the scope of his coverage to the field of transfer payments – schools, municipalities, hospitals, and universities, for example. These payments account for about half of Ontario's expenditures. As yet, the Auditor's investigations in this area are confined to inspection audits. However, the field of transfer payments scrutiny is still evolving, and time will show whether and when

the Auditor will be given the mandate to conduct a more comprehensive audit of these massive expenditures.

That mention of comprehensive auditing leads to the next subject: the expansion of how the Public Accounts Committee achieves its goal of holding the government accountable.

Although the phase-out of the Provincial Auditor's pre-audit role in the early 1970s greatly assisted the Public Accounts Committee's work by increasing the amount and depth of analysis in the Auditor's Reports, the Committee's ability to conduct in-depth investigations was still limited by the fact that the Auditor's mandate was restricted to the traditional areas of financial regularity and compliance auditing. In 1978, a critically important expansion in the Legislature's ability to audit and investigate government expenditures was achieved through the addition of a "value for money" mandate to the *Audit Act*. These changes allowed the Provincial Auditor, and through him the Public Accounts Committee, to review the economy and efficiency of government expenditures and to assess whether adequate procedures were in place to evaluate the effectiveness of these expenditures. This move to comprehensive auditing has had a profound impact on the ability of the legislature to hold the government to account for how it spends the taxpayers' dollar.

Another area of evolution in the Public Accounts Committee's role is the question of who is held accountable — ministers or public servants. The rapid growth and increasing complexity of government activity has placed increasing pressure on the principle of ministerial accountability, especially in larger jurisdictions such as Ontario. In its 1980 Report, the Ontario Public Accounts Committee endorsed the recommendation of the Lambert Commission that the deputy minister as chief administrative officer account for his or her performance of specific delegated or assigned duties before the Public Accounts Committee, and further recommended that public officials should remain permanently accountable for their decisions and actions while in a particular office.

In a formal response to the Committee, the Government agreed with these recommendations, provided that the principle of ultimate ministerial responsibility still applied. Since then, the Public Accounts Committee has established the practice of formally notifying witnesses that Deputy Ministers, or their equivalents in Crown agencies, will be answerable to the Committee on matters of administration, and that they remain answerable for those actions and decisions even after they have left particular offices.

This approach increases the effectiveness of the Public Accounts Committee in two respects. First, it ensures that the Committee is able to question the people who are knowledgeable about the details of the matter under review, thus overcoming a problem of shortness of tenure by deputy ministers which Public Accounts Committees in other jurisdictions know only too well. Second, it strengthens the non-partisan nature of the Committee's work by ensuring a focus on implementation rather than policy, with a view to better administration of funds.

The Committee has eleven members, whose proportions on the Committee are similar to party representation in the Legislature. Since 1968, the Committee has been chaired by a member of the Official Opposition. The Committee is assisted in its work by a permanent clerk and by researchers from the Legislative Library's Research Service.

The Committee is also supported in its work by the Office of the Provincial Auditor, who, as a servant of the Legislative Assembly, has the staff resources and the professional expertise to delve into the Public Accounts and the full range of government activities and pinpoint concerns about financial management and accountability. His Reports form an essential component of the Committee's work, in addition to such investigations as the Committee might decide to undertake.

Several features of the Ontario Public Accounts Committee's recent operations have strengthened its effectiveness in "closing the loop" of the accountability cycle.

The Committee meets every week when the House is in session, and also for several weeks of hearings during each recess. Most meetings of the Public Accounts Committee are televised. The experience of being cross-examined on television provides a strong incentive to senior public servants to correct the problems identified and avoid a repeat performance. A permanent record is kept, through Hansard transcripts of all meetings other than the in-camera meetings where committee reports are drafted. The committee's work has also received extensive media coverage in recent years. This public interest and coverage contributes to the necessary reforms in the offending ministry, and also plays a role in educating staff of other ministries.

With the assistance of its research staff, the Committee assesses the Auditor's findings and develops lines of inquiry prior to hearings. The Committee has recently developed the practice of formal briefing meetings before most hearings.

The Committee is in the process of moving to a system of immediate reports on most matters, updated at year end by the Annual Report. More timely recommendations for action and follow-up are expected to strengthen the impact of the Committee's work and will allow for recall of ministries where that seems warranted. On investigations of a pressing nature, the report will frequently set out a timetable for implementation of recommendations and a process for follow-up. Such follow-up is essential to ensure that problems have been rectified.

The developments of the past decade have greatly enhanced the Public Accounts Committee's ability to hold the government accountable. However, there are still significant opportunities to become yet more effective.

Substantial opportunities exist to broaden the scope of government activities covered by the Public Accounts Committee. The surface has barely been scratched with respect to accountability for the massive government spending carried out through tax expenditures and transfer payments. The regulatory area is another field of government

activity which is starting to receive more intensive legislative scrutiny.

Standards for comprehensive auditing are still being established, and a number of questions remain to be addressed:

- How far should it go in assessing the actual effectiveness of government expenditures?
- Who should do those assessments?
- How can those assessments be given a consistent set of standards and principles?

Those issues are being addressed in principle by bodies such as the Canadian Comprehensive Auditing Foundation, and in practice by the new boundaries being set by legislative auditors and Public Accounts Committees.

Finally, as noted earlier, the Public Accounts Committee is moving to a system of more frequent reporting. The goal of greater accountability would be well served if the Provincial Auditor's mandate were expanded to allow frequent reports as well. This would reduce the time lag in investigating and addressing problems of maladministration, and thus attain greater value for money.

Another area in need of reform is the Estimates process. In April 1988, the Public Accounts Committee investigated the Auditor's concerns about deficiencies in the Estimates process and his recommendations for reforms and strengthening of the accountability cycle. Procedural problems included delays in review, inconsistencies in the level of scrutiny relative to expenditures, deviations from the planned schedule, and the inability to change items in Estimates. Other problems included deficient information on which to base scrutiny, pressures on the time and resources of members, and a lack of attention and commitment by members to the process.

The Committee considered these concerns, and endorsed the Auditor's recommendation that a Standing Committee on the Estimates be established to conduct annual

in-depth scrutiny of selected Ministry Estimates. The Committee further called for this proposed committee to be chaired by a member of the Opposition, and for its membership to include three members from the Public Accounts Committee, one from each party.

It was recommended that six sets of Estimates a year be chosen for review, by all three parties, using a cycle of Official Opposition, Third Party, and Government Party, and that this be supplemented by a system of written questions to other ministries on matters of specific interest, and review of these other ministries where warranted. The Public Accounts Committee also recommended that the proposal Estimates Committee be given the power to recommend the reallocation of funding within each vote. These recommendations, if implemented, would go far toward strengthening the front end of the accountability cycle and giving the Public Accounts Committee a strong basis for its after the fact investigations of expenditures.

During 1988, the Ontario Public Accounts Committee has undertaken a number of wide-ranging investigations, into such areas as the quality of the mental health care system in the province, the extent to which environmental regulations are being enforced, and the financing of the domed stadium. However, although it is evident from the above that the role of the Public Accounts Committee has expanded beyond purely financial investigations, the area of financial management and control still forms a very important aspect of the Committee's work. Almost half of the Committee's investigations during 1988 involved or touched on this area.

The Ontario Public Accounts Committee is trying to meet the needs of a complex society. It seeks to be non-partisan in its work. It is often seen as being on the other side of the fence from financial managers within government. Although management and the Public Accounts Committee play different roles, they share a

common goal: the best value possible for the taxpayers' dollar, in accordance with the authority given by the legislature – the elected representatives of the taxpayer.

Traditionally, financial managers have been involved in counting the dollars, adding the expenditures, ensuring that money is spent as authorized. Although this work is important, it is essential to look beyond such activities to new goals for financial managers – making government more efficient, ensuring value for money, assessing whether objectives are in place and are understandable, reviewing whether the ministry has taken the most cost-effective approach to attaining the objectives, and evaluating whether the objectives have been met. This may be different than traditional accounting, but it is legitimate management and auditing. It is not an exact science, but we must all try to achieve progress.

The Public Accounts Committee contributes to efficient management by playing an advocacy role. Its work, and that of the Provincial Auditor, ensure that accountability and value for money receive the priority they deserve within the network of goals pursued by government. The more effective the Public Accounts Committee is, the greater a contribution it can make to the financial management community within government. Its work leads to a higher priority on good administration and on strong financial management and control, and thus to a greater role, more resources, and more results for financial managers within government. That in turn means greater value for money – our common goal.

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*Note: This text draws upon background material prepared by the Committee's research officer, Wendy MacDonald of the Ontario Legislative Library's Research Service.*