Building Stronger Oversight through AGP and PAC

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Each year Pakistan collects taxes and receives new loans and spends trillions of rupees that basically belongs to ordinary people of Pakistan. Does that money turn into a well-equipped hospital, a state-of-the-art school, a road that survives harsh weather conditions, clean water and basic facilities for the people of Pakistan? Or does it leak away through paperwork and mismanagement of funds? The budget document will never provide the answers. The answer is in the scrutiny that comes afterwards, and that responsibility and authority come under the jurisdiction of two prestigious organizations. One is the Auditor-General of Pakistan (AGP), who audit the accounts of public sector entities in details. The other is the Public Accounts Committee (PAC), a parliamentary committee, responsible for examining government expenditure and audit reports of the Auditor General of Pakistan and have the powers to ask government officials and make them explain what the auditors flagged. Together, both organizations serve as the backbone of public budget and spending and money gets handled with as per the regulations otherwise waste becomes the norm.

Two Institutions and One Objective-Accountability

The AGP's authority and powers comes straight out of the Constitution. Four articles, 168 through 171, set up the office and protect it from any interference, and hand it over the responsibility and power of audit what the federation and the provinces take in and pay out and the working detail as per 2001 law on the Auditor-General's functions and powers. AGP examine the accounts and then report to first to the departments through their own accounts' committees, and in the end to Parliament.

This is where the critical role of PAC is meant to come in. It has run under the National Assembly's rules. When the auditor raises a red flag, the committee can summon the principal accounting officer (PAO) responsible, question him on the observation, and order for the recovery of funds, an expense regularized, or an official disciplined. The mechanism is simple: auditor finds the problem, the elected committee asked an answer, the government reports back. Run the way in letter and spirit as per law, hardly a rupee should waste away.

Independence is the Foundation

The main ingredient to the accountability lies under the foundation of independence and nothing achieve without it. The Constitution provided the basis to protect that freedom and resultantly accountability.

The President appoints the Auditor-General, the term is fixed and it's a constitutional position with respect to its appointment and removal. The core reason is that an auditor who is not protected for raising issues or deficiencies is not really an auditor. There is also a major aspect in respect of independence and that lies in budgets and staff and the irony is when the office that audits the executive must visit that same executive for the funds and human resource then the protection is not in actual but only in black and white.

The Numbers Tell a Different Story

The numbers tell a different story and as per different, AGP's Audit Reports for selected federal and provincial entities covering different financial years and the numbers it flagged were not less and the alarming sign is the repetition of the irregularities. Irregularity of same nature adding up in each financial year indicates systemic failure or weak internal controls rather than one-off issue or anomaly. This also depicts that internal audit is not working as per the core objective of it. Another monster is the backlog issue and as per above said reports thousands of audit paras across ministries still pending and awaiting turn to review or discuss and ultimately disposed of. Like justice delayed is justice denied, likewise observations that takes years to dispose of it loses the objective of accountability process and by the time its finally disposed of the officers responsible have transferred to another department and the projects have completed and the public funds wasted. So, the delays and repetition are the core reasons and leads to time barred actions.

Further, no ranking of paras as per value or risk and settlement of paras than actual recovery just on departmental assurance and capacity building issues are the other basic reasons behind these numbers.

The Crucial Reforms-PIFRA & IMF

Pakistan has invested many years in terms of time and funds, since 2008 years laying the foundation for the improvement of the process of preparation financial statements and auditing. The pivotal step was the initiative of PIFRA, a World Bank-backed Project to Improve Financial Reporting and Auditing, which transitioned government accounting into a SAP-based system with the application of the requirements in the New Accounting Model. The objective was to prepare the financial statements on timely basis, auditable and not dependent on the manual records and auditor can examine whole populations of transactions and not a limited sample. The AGP introduced and implemented the standards issued by INTOSAI which regulates the Supreme Audit Institutions of the world and the main benefit is the uniformity comes in the financial ecosystem of Pakistan. Further, under the terms and requirements of IMF's Fund Facility, clearance of the audit backlog and strengthening the public financial management is on the top of the reforms required. If a country borrows like Pakistan, it has to demonstrate the credibility and integrity through financial system that the borrowed money utilized as required.

How Can the Strengthening of Audit Be Achieved?

The strengthening of audit can be achieved by implementing the following steps:

1. Prioritizing should be enforced in letter and spirit to clear the backlogs which should be based on high risk and high value audit paras.
2. Key Appointments. Appointing chief financial officers/equivalents across the ministries and chief internal accountants/equivalents in institutions, as Parliament already directed, would settle many issues before they ever become paras.
3. Timelines. Meeting the statutory deadlines for tabling reports, holding hearings and filing compliance replies is the key.
4. Make follow-up visible. PAC directions mean little without a published tracker showing what was recovered, regularized or disciplined.
5. Give auditors better tools. A workforce of this size cannot hand-check everything, and pretending otherwise is part of the problem. International audit standards in full, plus data analytics and risk-based selection, let the same number of people cover far more ground than manual sampling ever did.

Follow What Already Works

None of these fixes have to be invented from start. Our committee descends from the Westminster system, and that family of parliaments has a few habits worth copying. Britain's PAC keeps itself small, stays above party point-scoring, takes evidence from the civil servants who signed off the spending rather than from ministers, and answers to a deadline. No constitutional amendments required rather implementation need a push as per its essence.

The Role of the Accountants

Auditors and parliamentarians are not only responsible in a bigger canvas of public financial management systems and here comes the role of the professional accountants working in the government departments or state-owned enterprises from where most irregularities are either arising or culminated. Their professionalism and most importantly integrity is key in the survival and smooth operations of the complex financial system and accountability.

Conclusion

Accountability institutions or framework is not the issue of Pakistan as it has constitutionally protected Auditor General and a mechanism Public Accounts Committee (PAC), and a formal and organized process through which audit observations are reported and examined. However, speed, prioritization, and enforcement is the core issue which is challenging as well as not operating as required.

Audit reports are only effective when issues addressed timely and delays leads to more irregularities and public distrust on the audit and ultimately accountability system and significant observations remain unresolved for years raised questions on the PAC's effectiveness. Auditor General of Pakistan is raising the instances of mismanagement of public money and irregularities from many years and the basic responsibility now rests with Parliament and the executive to ensure timely action and corrective measures to streamline the financial accountability system. PAC should be provided with adequate time, technical support, and institutional continuity with protection to deal with the audit observations with follow up mechanism. PAC's recommendations should be monitored through a formal tracking system, on implementation status. Coordination among audit institutions, government departments, and parliamentary committees can help ensure that identified deficiencies are addressed on timely basis. Digital monitoring tools can further strengthen oversight by improving transparency and real-time tracking. Public disclosure would also reinforce public confidence in the accountability process.

Strengthening audit and PAC oversight is not only an administrative reform but it is an investment in good governance of the country. People have all the right to expect that every rupee collected in the form of taxes through their hard earned money is spent responsibly and accounted as required. Every rupee spent by the government comes from the people, either through taxes or from borrowing. Stronger audit mechanism and effective oversight of PAC ensure that this money is used honestly, efficiently, and for the people from where it comes, strengthening both governance and public confidence.

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