

### *The Public Accounts Committee*

15. The Legislature reserves to itself two duties with regard to the expenditure of public funds. The first is the authorization of supply. The second is to satisfy itself that the executive to whom the supply has been made available spends it for the purposes for which it was provided, and spends it efficiently and without waste. It performs its second function through the agency of the Public Accounts Committee.

16. The Public Accounts Committee is a sessional select committee of the House of Representatives. It is invariably composed of persons who are not Ministers. Its duties are to review the accounts of the Government in the light of the report of the Principal Auditor, and it may also review such other accounts laid before the Legislature as the House of Representatives may refer to the Committee. In addition it shall review cases of excess expenditure referred to it by the Minister of Finance and recommend to the Committee of Supply whether or not such expenditure shall be allowed as a charge to public funds.

17. This committee is one of the most important safeguards in the financial system. It is assisted by the advice of the Principal Auditor and officers of the Ministry of Finance, and may review any aspect of the Government accounts. Its function is not to criticize the policy of the Government—that is the prerogative of the Legislature—and its main concern is with what has already happened, but no greater mistake could be made than to suppose that because of these limitations it is a dusty kind of body dealing with the past and therefore in some vague way not quite up to date. A vigorous and efficient Public Accounts Committee is the best watchdog that the Legislature could have, and although it deals with what is past its criticisms and its recommendations—which may take into consideration the current position in regard to any particular scheme or operation included in the accounts under review—can have a vital effect on future practice and procedure.

18. The committee has the power to examine witnesses as it considers desirable. The results of its deliberations are embodied in reports in which it criticises financial administration; proposes alterations of system, when necessary, to avoid repetitions of the objects of its censure; and, in the case of excess expenditure, makes firm recommendations to the Committee of Supply as to whether or not such expenditure shall be allowed as a charge against public funds. These reports are laid before the Legislature and they are given the fullest consideration by the Minister of Finance. Any instructions which then appear to be necessary are issued by the Ministry of Finance in the form of a minute. This minute is communicated in the following year to the Committee, which is thereby able to satisfy itself of the adequacy of the measures taken to give effect to its recommendations. The Public Accounts Committee, therefore, can and should become a powerful instrument for the exposure of waste, inefficiency and all forms of maladministration.

19. The Public Accounts Committee in discharging its task of examining the annual accounts with the aid of the Principal Auditor's Report should invariably have the Accounting Officer concerned together with his Finance Officer, and perhaps one other assistant before it as witnesses. The Principal Secretary of the responsible ministry will normally attend. This procedure, among other things, helps to keep the Accounting Officers up to the mark and serves to impress on them, as the persons mainly responsible for the custody of public funds, the principles which they are required to follow. The fact should not be overlooked that the Public Accounts Committee is not an emanation of the Government; it is the servant of the Legislature and is under no obligation to do what Government tells or suggests to it. As the ultimate guardian of the public purse, it is incumbent on the Public Accounts Committee to carry out its functions in the way it deems fit.

### *The functions of the Ministry of Finance*

20. The Minister of Finance is responsible to the Cabinet, as the principal instrument of policy, for the financial soundness of the Government's economic policy and for the proper control of revenue and expenditure. The Minister of Finance, assisted by his chief adviser, the Financial Secretary, exercises this responsibility through the Ministry of Finance, which is divided into two branches,—Finance, consisting of the Under Secretary (Finance) and his staff, and the Central Planning Unit with the Head of Planning Unit as its head and his staff and the Accountant General.

21. The Ministry of Finance has its main opportunity for carrying out its responsibilities when the annual Estimates are being prepared. It must then satisfy itself that the policies of Ministers are such that financially they are capable of realization, and again that individual proposals are sound in themselves, and do not involve wasteful expenditure. Similarly, when proposals for expenditure not provided for in the Estimates arise during the year, either on new schemes or on schemes for which the original Estimates have proved to be faulty, it is the duty and right of the Ministry of Finance to examine such proposals and have them submitted for the approval of the Legislature before any expenditure is incurred upon them. The Legislature indeed must feel able to rely on the Ministry of Finance to examine in detail not only all proposed expenditure prior to its submission to the Legislature, but also to examine at the earliest stage possible all schemes which may ultimately involve the Government in expenditure. In addition it is, of course, clear that one authority must be responsible for laying down general directions with regard to financial control and procedure.

22. The main object of the chapters that follow is to set out in detail the means whereby the Ministry of Finance intends to execute its responsibilities.