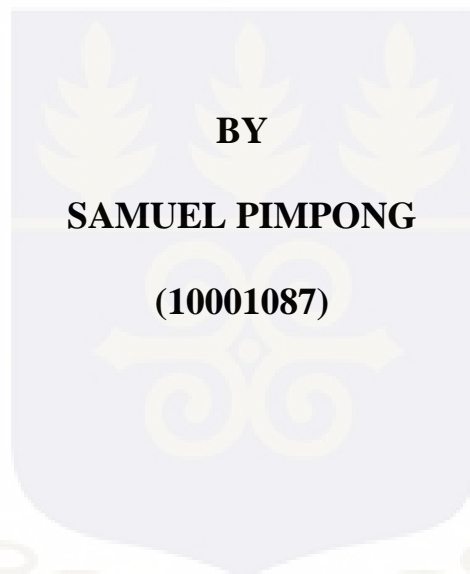


**UNIVERSITY OF GHANA
COLLEGE OF HUMANITIES**

**PUBLIC FINANCIAL ACCOUNTABILITY AND INDEPENDENT
OVERSIGHT INSTITUTIONS IN GHANA, 1993-2016**



BY

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**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA,
LEGON IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
THE AWARD OF PhD POLITICAL SCIENCE DEGREE**

JULY, 2017

DECLARATION

I do hereby declare that apart from documentary, quotations and other references cited and duly acknowledged in this work, I am solely responsible for any lapses, errors and omissions that might appear in this work.

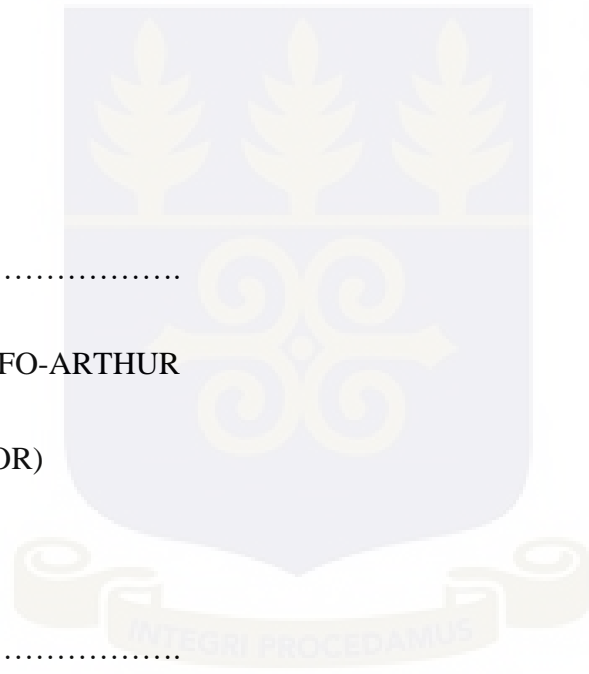
I also declare to the best of my knowledge that this work has never been submitted by me or any other person to the University of Ghana, Legon or any other University for the award of a degree.

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ABSTRACT

This study sought to evaluate the constitutional-legal and institutional framework for promoting and enhancing public financial accountability (PFA) in Ghana since the advent of the Fourth Republic in 1993. The study focused on three independent oversight institutions; the Office of the Auditor-General (A-G), Parliament's Public Accounts Committee (PAC) and the Financial Administration Courts (FAC) in the enhancement of financial accountability in the public sector. In Ghana, the Auditor-General's reports have persistently blamed public financial accountability failures on weak internal control systems, despite the existence of oversight horizontal accountability institutions. The fundamental question that runs through this work is whether the constitutional-legal and institutional framework put in place to enhance public financial accountability in Ghana has actually achieved its purpose.

This study, however, argues that public financial accountability failures in Ghana denotes poor internal control systems that signifies deficits in oversight institutions. This study adopted a largely qualitative research approach. Face-to-face Interviews, review of primary and secondary documents and the direct observation methods were employed as tools for data collection. The study reveals the presence of a good and detailed constitutional-legal framework that promotes and enhances PFA in Ghana. However, the absence of applying sanctioning mechanisms to wrongdoers, deficiencies in institutional capacity of the three institutions, coupled with financial and human resource limitations, have had an adverse impact on PFA. The study consequently argues that constitutional-legal rules and regulations do not operate in isolation, but require supporting institutions and reforms to deliver the anticipated outcome in public financial accountability. The study also reveals lack of harmonized policy and coordinated mechanisms among the three oversight Institutions, and argues that, reforms within the public sector requires changes in the approach of individuals (especially public

officials) as well as changes in organizational culture in Ghana, and that the mere reprimands by Parliament's Public Accounts Committee without the necessary sanctions meted out to wrongdoers by the Financial Administration Courts, has the tendency to retard any efforts towards the improvement of PFA in Ghana.



DEDICATION

This work is dedicated to my parents, Samson Kwadwo Pimpong and Agnes Opoku Pimpong (of blessed memory) and also to my dear wife, Emma Pimpong for their relentless support throughout my academic life.



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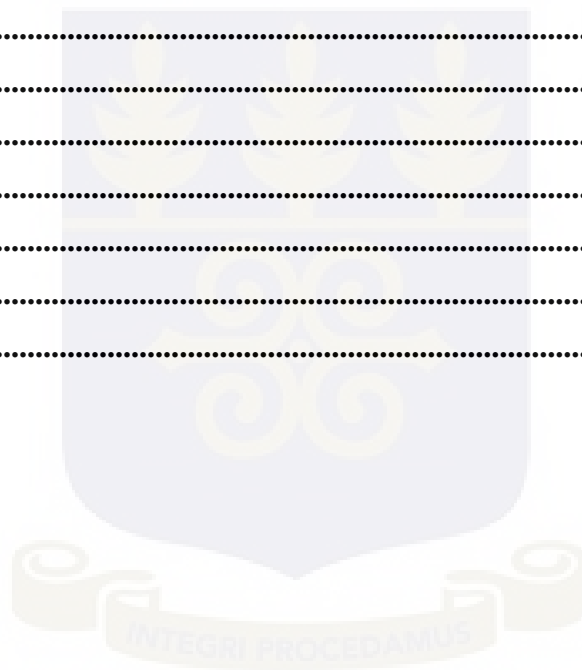
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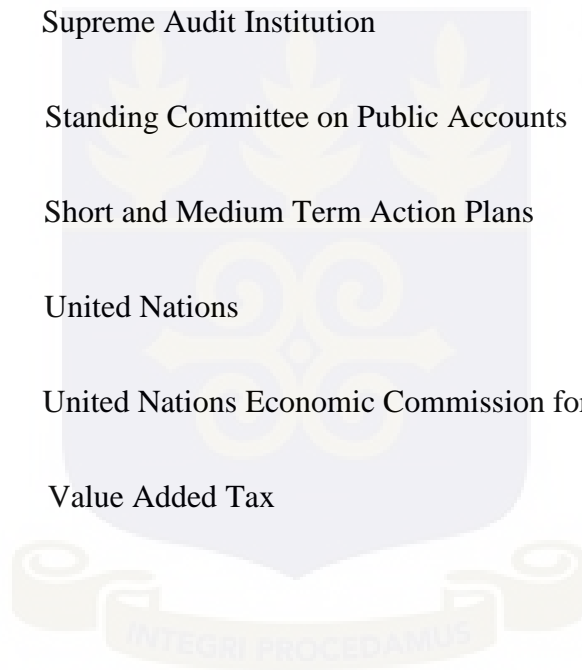


LIST OF ABBREVIATIONS

ABB	-	Activity Based Budgeting
ADB	-	Agricultural Development Bank
AG	-	Auditor-General
ARIC	-	Audit Report Implementation Committee
BPEMS	-	Budget and Public Expenditure Management System
BOG	-	Bank of Ghana
CAGD	-	Controller and Accountant General's Department
CDD	-	Centre for Democracy and Development
CEPS	-	Customs, Excise and Preventive Service
CHRAJ	-	Commission for Human Rights and Administrative Justice
COFOG	-	Classification of Functions of Government
CSO	-	Civil Society Organisation
DAG	-	Deputy Auditor General
ERPFM	-	External Review of Public Finance Management
FAC	-	Financial Administration Courts
FAA	-	Financial Administrative Act
FAR	-	Financial Administrative Regulation
FC	-	Finance Committee

FM	-	Financial Management
GAS	-	Ghana Audit Service
GAO	-	General Accounting Office
GFS	-	Government Finance Statistics
GIFMIS	-	Ghana Integrated Financial Management Information System
GII	-	Ghana Integrity Initiative
GoG	-	Government of Ghana
GRA	-	Ghana Revenue Authority
IDEG	-	Institute for Democratic Governance
IEA	-	Institute of Economic Affairs
IRS	-	Internal Revenue Service
INTOSAI	-	International Organisation of Supreme Audit Institutions
MDA	-	Ministries, Departments and Agencies
MMDA	-	Metropolitan, Municipal and District Assemblies
MOF	-	Ministry of Finance
MTEF	-	Medium Term Expenditure Framework
NAO	-	National Audit Office
NDC	-	National Democratic Congress
NPP	-	New Patriotic Party
PAC	-	Public Accounts Committee

PBB	-	Programme Based Budgeting
PEFA	-	Public Expenditure and Financial Accountability
PFA	-	Public Financial Accountability
PFM	-	Public Financial Management
PFMRS	-	Public Financial Management Reform Strategy
PUFMARP	-	Public Financial Management Reform Programme
RCI	-	Rational Choice Institutionalism
SAI	-	Supreme Audit Institution
SCOPA	-	Standing Committee on Public Accounts
STMTAP	-	Short and Medium Term Action Plans
UN	-	United Nations
UNECA	-	United Nations Economic Commission for Africa
VAT	-	Value Added Tax



CHAPTER ONE

INTRODUCTION AND RESEARCH PROBLEM

1.1 Introduction

Finance or money lies at the heart of operations and activities of the public sector. This is because the public sector is the largest spender and employer in virtually every developing country and it sets the policy environment for the rest of the economy (Owalla & Luanga, 2014). Unfortunately, the approach to mobilizing and managing public finance in most developing countries has been met with challenges such as corruption, misapplication and misappropriation of funds, over-spending and lack of compliance with existing legislative frameworks. In an effort to overcome these challenges, developing countries have attempted to introduce reforms in public sector financial mobilization and management systems. These reforms have mainly dealt with areas of legal and institutional framework, resource generation, improved resource allocation, transparency, accountability and fiscal discipline aimed at improving efficiency, effectiveness and value for money (Owalla & Luanga, 2014).

Public financial mobilization and management are an important tool that helps the public sector take care of money in a systematic, cost effective, efficient, transparent and legitimate way. They hinge on three cornerstones which involve resource generation or mobilization which is getting money mainly through revenues, controlled delivery which is spending money and accountability involving reporting how money has been spent (Graham, 2011). In this regard, improvements in a nation's economic governance and development depend to a large extent on good public financial management (PFM), which requires accountability and effective auditing systems. Good PFM also promotes the social contract between citizens and the government as citizens are willing to pay their taxes and contribute to revenues and demand

from the government in return to judiciously utilize the revenues to provide public goods and services in transparent and accountable ways.

On the other hand, the presence of sound public financial accountability (PFA) has numerous indicators. First, a country is likely to manifest sound PFA if its legislative committees and audit committees provide for its citizens crucial oversight of the country's public finance (Sahgal & Chakrapani, 2000). Second, is the existence of budgeting and accounting systems that promote performance and that capture public organizations' transactions and their actual and contingent assets and liabilities accurately and in a timely way (Sahgal & Chakrapani 2000). Third, "a country may be publicly accountable financially if it maintains internal control and performance reporting systems that check bad recordkeeping, noncompliance with rules and regulations, lack of due regard for economy and efficiency, weak evaluation and internal audit capacity, breaches in codes of ethics, and misrepresentations of performance information" (Sahgal & Chakrapani, 2000). The fourth indicator is a country's reporting of external audits and reviews to the legislature and the stakeholders on how government manages risk. Finally, a country is publicly financially accountable, if it has the "capacity for evaluation that ensures that it can capture its lessons from experience and act on them in a timely way" (Sahgal & Chakrapani, 2000).

Therefore for sound PFA purposes, certain appropriate laws, rules, regulations and institutions are put in place to govern the management of public financial resources. Governments all over the world therefore have special responsibilities to provide assurances to their citizens and obviously taxpayers with clear picture of where public finances are derived from, how they are utilized and accounted for in accordance with the PFM structure (Allen & Tommasi, 2001).

In an effort to enhance effective and sound PFA, the Financial Administration Act (FAA) 2003, and the Financial Administration Regulation (FAR) 2004, which have been consolidated into

Public Financial Management Act, Act 921 of 2016, were enacted to regulate PFM in Ghana. The PFM Act of 2016 prescribes the responsibilities of persons entrusted with financial management (FM) in the public sector. This is to ensure the effective and efficient management of State revenues, expenditures, assets, liabilities, resources of the government, the Consolidated Fund and other public funds and to provide for matters related to these.

Before the enactment of the PFM Act of 2016, Ghana made some progress with PFM reforms in the last two decades. Some of the key PFM reform initiatives implemented before 2016 include:

- (i) The Public Financial Management Reform Programme (PUFMARP), from 1997-2003.
- (ii) Government of Ghana's (GoG) Short and Medium Term Action Plans (ST/MTAP), covering 2006-2009.
- (iii) The Budget and Public Expenditure Management System (BPEMS) from 2003 – 2007 which was re-packaged into the Ghana Integrated Financial Management Information System (GIFMIS) project from 2010 – to date.
- (iv) The amalgamation of the three revenue agencies (Internal Revenue Service (IRS), Customs, Excise and Preventive Service (CEPS) and Ghana Value Added Tax Service (VAT)) into the Ghana Revenue Authority (GRA) in 2009.
- (v) The United Nations (UN) Classification of Functions of Government (COFOG) functionality in budget classifications since 2011.
- (vi) The new Government Finance Statistics (GFSM, 2001). A manual that compiles fiscal statistics on government's economic and financial activities.
- (vii) The Medium Term Expenditure Framework (MTEF), an annual rolling three year-expenditure planning, that sets out the medium-term expenditure priorities and budget constraints.

- (viii) The migration from activity based budgeting to programme based budgeting (GOG: Public Financial Management Reform Strategy, 2015-2018).

Finally, the 1992 Constitution of Ghana set up the necessary constitutional-legal and institutional framework comprising the offices of the A-G and PAC for public financial accountability (PFA). However, the FAA of 2003 set up the FAC. These are the institutions which form the focus of this study.

These reform initiatives by themselves represent progress made in PFM. This is because the reform initiatives setup the objective of strengthening PFA. Notwithstanding the progress made with the setup of these reform initiatives, the PFM process has remained truncated and fragmented due to the absence of an overarching and coordinated PFM reforms strategy to guide these initiatives (GOG: Public Financial Management Reform Strategy, 2015-2018). The reforms lack synergy and coordination because the principles that guided their formulation did not construe PFM in a holistic manner. Rather, it was informed by the needs of individual projects and strategies. According to the PFM report (GOG: 2015-2018), the issue is even more complicated at the local level. For instance, the Public Expenditure and Financial Accountability (PEFA) reviews of 2009 and 2012 outline some of the key challenges at the local level. These include:

- (1) Lack of transparency and predictability in fiscal accountability at the local level;
- (2) The absence of a fully-fledged and credible PFM improvement programme in place at local level;
- (3) Weaknesses in budget credibility and predictability;
- (4) Weak control in budget executions and external scrutiny;
- (5) Weak budget formulation and implementation;
- (6) Weak monitoring and evaluation of the use of financial resource;

- (7) Inadequate data generation and dissemination;
- (8) Inadequate flow of information between the Bank of Ghana (BoG), the Ministry of Finance (MOF) and the Controller and Accountant General's Department (CAGD);
- (9) “Deficiencies in accounting and auditing, especially internal auditing” (GOG: Public Financial Management Reform Strategy, 2015-2018).

Against this background, this study seeks to examine the constitutional-legal and institutional framework for promoting and enhancing public financial accountability (PFA) in Ghana.

1.2 Research Problem

Section 15 (1) of the PFM Act, 2016 (ACT 921) requires the Minister of Finance to put in place a functional public financial management (PFM) system with sufficient controls, checks and balances, as a measure of promoting accountability, ensuring adherence to standards and regulations, promoting civil society alertness and participation, and effective resource allocation and utilisation.

In addition, Article 187, clause 5 and 6 of the 1992 Constitution charged the Office of the Auditor-General and Parliament's Public Accounts Committee (PAC) with oversight responsibilities over the financial activities of the executive arm of government. The FAA, 2003, Act 654 on the other hand, established the Financial Administration Courts (FAC) to enforce recommendations of the PAC on the A-G's reports as approved by Parliament. These bodies, namely the offices of the A-G, PAC and FAC have come to be known as the accountability institutions as a result of their crucial role in enhancing PFA in Ghana.

In spite of the systems put in place, the Auditor-General's (A-G) reports which are readily available and covering the periods 1993-2015 reveal low levels of compliance with existing legislative framework, misapplication and misappropriation of funds, managerial lapses and

weak monitoring procedures leading to the loss of billions of Ghana Cedis- a situation that suggests significant managerial and capacity handicaps. For instance, the latest A-G's report of 2015, reveals that Ghana lost GH¢505,179,135 as a result of financial errors and irregularities committed by public boards, corporations and other statutory institutions. The loss, according to the A-G's Report for the 2015 fiscal year, arose out of the breakdown of internal controls. The loss, according to the report, occurred between January 1 and December 31, 2015.

While the reports of the A-G persistently condemn the weak internal control systems within the Ministries, Departments and Agencies (MDAs), hardly have there been any comparative empirical research that assess the roles and contributions of the offices of the Auditor-General (A-G), Public Accounts Committee (PAC) of Parliament and Financial Administration Courts (FAC) to the promotion and enhancement of public financial accountability.

Accordingly, this study examines the constitutional-legal and institutional framework for promoting and enhancing public financial accountability (PFA) in Ghana since the advent of the Fourth Republic in 1993. More specifically, the study discusses how the office of the Auditor-General (AG), Public Accounts Committee (PAC) and Financial Administration Courts (FAC), comprising the institutional framework, enforce PFA in Ghana under the Fourth Republic. Since they are institutions, the A-G, PAC and FAC work in a constitutional-legal framework and assessing their roles and contributions to PFA by implication, equally entails an analysis of their legal framework to understand the dynamics underpinning their dealings in terms of public financial accountability.

1.3 Research Objective

The general objective of this study is to evaluate the constitutional-legal and institutional framework for promoting and enhancing public financial accountability (PFA) in Ghana since the advent of the Fourth Republic in 1993. The specific objectives are:

1. To assess the constitutional-legal framework (1992 Constitution, Financial Administration Act, 2003, Financial Administration Regulations, 2004 and Public Financial Management Act, 2016) for PFA in Ghana including their design and implementation;
2. To assess the institutional framework (in terms of mandates, capacity, independence, personnel and funding) of PFA in Ghana, namely, the Auditor-General, Public Accounts Committee (PAC) and Financial Administration Courts (FAC);
3. To examine the degree of collaboration between the A-G, PAC, FAC and CSOs in promoting PFA;
4. To examine some of the challenges facing the three institutions and how they can be addressed to ensure effective PFA in Ghana;
5. To discuss the implementation of the findings and recommendations of the A-G, PAC and FAC and how they have addressed issues on PFA; and
6. Highlight the lessons and their implications for the theoretical, comparative and empirical literature on PFA and accountability in general.

1.4 Research Justification and Rationale

This study seeks to do the following among others: (a) to contribute to the ongoing academic discourses on the efficacy of the selected institutions in the context of public financial accountability; (b) add to the existing literature on the contentious issues revolving around PFA, and (c) throw further searchlight on the intricacies of acceptable good financial management and governance that will facilitate national growth and development.

First, since finance lies at the heart of public sector operations and activities, the design of strategies to ensure PFA is crucial if a country would have to benefit from the use of its revenues and natural resources. This is important as ultimately an effective PFA contributes to some of the norms of democratic governance such as accountability, transparency and development in general. According to Muthien (2000: 69), public financial “accountability constitutes the pivot of democratic governance as it is one of the most effective safeguards against the misuse of power, resources and abuse of public authority.” Thus PFA 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 them. In fact, the demand for accountability of public resources has increased tenfold (Owalla & Luanga, 2014), necessitating a comprehensive study on PFA. Second, the concept of public financial accountability gained prominence due to the awareness that the state and its arms of government, if not controlled could spread out to the brink of collapse. This view is supported by Kautilya, an Indian statesman and philosopher who is largely acclaimed as the author of the first manual on bureaucracy. He 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” (cited in Tummala, 2009: 35). 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” (cited in Tummala, 2009: 35).

This view is supported by James Madison in The Federalist No. 51. According to him:

“If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government, which is administered by men over men, the great difficulty lies in this: you must first enable government to control the governed; and in the next place oblige it to control itself.” (Madison, 1788, The Federalist No. 51).

The statements above remind us of the urgent need to put in place efficient and effective systems that would minimise corruption. For instance, as a result of the government's inability to ensure financial accountability in the public sector, the Auditor-General is to recover more than GH¢ 505 Million Ghana Cedis, lost to the state due to financial irregularities by public and statutory organizations in 2015 (Republic of Ghana, 2015). Given the importance of PFA, this work seeks to examine some of the PFA and PFM challenges facing the country with the aim of bringing them to the front burner for solutions to be found, and thereby promote good governance.

Third, there is concern that the Auditor-General's reports only points fingers at the weak internal control systems within the MDAs and other public institutions. For instance, cases of financial malfeasance and misuse of office are mainly blamed on poor internal auditing and the lack of supervision within the MDAs. Yet horizontal accountability institutions such as the office of the A-G forms part of the systems of control and are responsible for the enhancement of sound public financial accountability. Nevertheless, the A-G's reports hardly reveal its share of the blame. Paradoxically, the office of the A-G hardly assess their own capacities and effectiveness as external horizontal accountability institutions, since they are mostly occupied with bringing "to book" accountability failures within the public organisations. "Indeed, the regular and comprehensive review of public expenditure for effectiveness, efficiency, equity and sustainability perspective is lacking in the literature on Ghana" (Republic of Ghana, 2011).

Fourth, there are numerous reports with regards to the lack of financial accountability as well as the misuse of State assets. These reports are made known from the findings of commissions of enquiry and government anti-corruption institutions such as the Commission on Human Rights and Administrative Justice, Economic and Organized Crime Office, Attorney General's Office, Audit Service, Auditor General and Parliament, particularly, Public Accounts Committee, Financial Intelligence Centre and think tanks such as the Institute of Economic

Affairs (IEA) and the Centre for Democratic Development (CDD). This study adds to these reports by highlighting the lessons and their implications on public financial accountability.

Fifth, the study builds on the literature on public financial accountability in Ghana by assessing the constitutional legal framework as well as the institutional framework of PFM in Ghana. As Schedler (1999: 13) notes, “accountability represents an underexplored concept whose meaning remains evasive, whose boundaries are fuzzy, and whose internal structure is confusing.”

Sixth, the study throws further searchlight on the literature on PFM by buttressing the need to ensure effective financial reporting, accounting standards, budgeting, monitoring and evaluation to enhance public financial accountability.

Seventh, the study seeks to contribute to the ongoing academic discourses on democratic governance and development, since the concept of public financial accountability hinges on good governance and development and other related concepts such as the public interest, ethics, efficiency, effectiveness and anti-corruption.

Lastly, the rationale and justification for focusing on the 1993-2016 period as the time space for the study can be summarised as follows;

- a) The period 1993 marked the advent of the fourth Republic in Ghana. This was a period in Ghana’s history that witnessed the wind of change in terms of public financial management and an upsurge in public sector reform initiatives.
- b) Key primary data for the study (Auditor-General’s reports) that was readily available at the time of the study covered the periods of 1993-2016.

1.5 Definition of Terms

The following definitions were employed in this study:

1.5.1 Accountability

A number of diverse definitions have been offered on the concept of accountability. However, given the centrality of accountability to this study the definitional discourses on accountability are expatiated further in the empirical literature review section in chapter two of this study. It is geared towards paving the way for elaborate examination of its types and framework. According to the General Commonwealth Auditors manual (2008: 3), the idea of accountability can be divided into two stages. First, is the call to “account, that is being required to provide an explanation of what has been done, or not done”, and why. Second, “is holding to account, or being sanctioned and required to put into effect remedial measures if something has gone wrong.” (General Commonwealth Auditors Manual, 2008: 3). On the other hand, Eckardt (2008), defines accountability from three broad perspectives. First, he contends that the notion of accountability should be perceived as an inherently relational term. Thus, an individual or organisation should be accountable to a third party. Second, accountability comprises the responsibility of actors who are accountable to provide information and justifications for their actions. Third, accountability requires the capability of those to whom these actors are accountable to apply sanctions when the actions of those being accountable are considered unacceptable. The conceptualisation of accountability proposed by Eckardt (2008) suggests that it is important for one to know who he is accountable to, and what he is accountable for. It also requires establishing institutions that provide information to those trying to hold power wielders accountable and that enable them to impose sanctions on the power wielders.

In line with Eckardt’s (2008) definition, Oakerson (1989:114) argues that “to be accountable means to have to answer for one’s action or inaction and depending on the answer to be exposed to potential sanctions, both positive and negative”. This study concurs with Eckardt’s definition of accountability. In this study, we consider accountability as the obligation of public officials within the Ministries, Departments and Agencies (MDAs) to account for their activities, in a

transparent manner to the Public Accounts Committee of Parliament. Accountability also includes the application of sanctions by the Financial Administration Courts on public officials involved in financial malfeasance that has been revealed by the Auditor-General's report.

1.5.2 Public Finance

According to Basheka and Phago (2014:2), "public finance involves the spending of someone else's money by some officials with such responsibility entrusted to them" In this case, the money belongs to the public (taxpayer) and those who run the government are only doing so on trust in a principal-agent relationship. Witt and Muller (2006) on the other hand posit that public finance comprises a complex set of closely inter-related subsystems such as "tax and customs, budgets, expenditure, inter-governmental finance, parliamentary oversight, internal and external financial control" (Witt & Muller 2006: 16). Public finance also implies that governments should be fair in collecting taxes and also manage their expenditures in an efficient, transparent and accountable way. The public finance system of a country is therefore used to mobilise, channel and control financial resources (BMZ, 2014). In this study, we consider public finance as a very complex phenomenon and therefore find the definition given by Witt and Muller very attractive and thus adopt it as a working definition by placing more emphasis on parliamentary oversight and accountability.

1.5.3 Public Financial Accountability

In the simplest terms, public financial accountability is about responsible stewardship for the use of public money. Public "financial accountability is a means of ensuring that public money has been used in a responsible and productive way. It is about verification of legality and regularity of financial accounts, but also about making sure that value for money has been achieved in the use of resources" (Sharman, 2001).

“Public financial accountability requires that governments manage finances prudently; that they integrate their financial and nonfinancial reporting, control, budgeting, and performance; that they report comprehensively on what they have achieved with their expenditure of funds; and that stakeholders behave ethically” (Sahgal & Chakrapani, 2000:13). Brinkerhoff (2004: 3) on the other hand posits that public financial accountability “concerns tracking and reporting on, allocation, disbursement and utilization of financial resources, using tools of auditing, budgeting and accounting”. Moreover, Adeyemi et al. (2012) pointed out that sound public financial accountability ensures strong control on receipts and expenditure of public funds. This study concurs with Sahgal and Chakrapani’s (2000) definition that public financial accountability is about how governments can manage their finances prudently, while placing key emphasis on effective financial reporting and control. As a result, public financial accountability enforces those entrusted with public fund to use them diligently in providing public social services

1.6 Overview of the Selected Financial Accountability Institutions

It is imperative to delve into the major functions of the offices of the A-G, PAC and FAC. The rationale is to further enhance our understanding on the general discussions of public financial accountability in Ghana. Furthermore, delving into the key functions of the three horizontal accountability institutions would throw a searchlight and form the basis for the data analysis discussed in chapter five of this study. In short, the following brief overviews of the selected financial accountability institutions will help in fuller understanding of the successes and failures as well as the challenges facing them.

1.6.1 Functions of the Auditor-General

In Ghana, the Auditor-General performs several key functions. The first major function has to do with the audit of Public Accounts as spelt out in the 1992 Constitution. Article 187 Clause

2 “provides that the public accounts of Ghana and of all public offices, including the courts, the central and local government administrations, of the Universities and public institutions of like nature, of any public corporation or other body or organisation established by an Act of parliament shall be audited and reported on by the Auditor-General”. Section 16 of the Audit Service Act, 2000 (ACT 584) also states that “the Auditor-General may in addition to the audit of public accounts, carry out in the public interest such special audits or reviews as he considers necessary and shall submit reports on the audits or review undertaken by him to Parliament”. Notwithstanding the responsibilities stated above, Section 14 (2) of the Audit Service Act, 2000 (ACT 584) further states that “the Auditor-General or any person appointed by the Auditor-General to audit the accounts of statutory corporations, shall in addition to the audit report draw attention to the following; the profitability, liquidity, stability and solvency of the corporation and also the performance of the shares of the corporation on the capital markets, where relevant.” Secondly, to ascertain whether there have been delays in the payment of government’s portion of any declared dividend, if any, into the Consolidated Fund; to identify any significant cases of fraud or losses and their underlying causes; “any internal control weakness noted; and the general corporate performance indicating achievement against set targets and objectives; and whether the finances of the body have been conducted with due regard to economy, efficiency and effectiveness having regard to the resources” utilized. Considering the enormous scope of responsibilities of the A-G, this work seeks to evaluate the institutional capacity of the A-G’s office in carrying out its constitutionally mandated obligations.

Secondly, the Auditor-General is responsible for the approval of form in which public accounts of Ghana shall be kept; Article 187, Clause 4, of the 1992 Constitution also demands that: “The public accounts of Ghana and of all other persons or authorities referred to in clause (2) of this article shall be kept in such form as the Auditor-General shall approve”. The above clause has

been expanded in the Audit Service Act 2000 (Act 584) Section 11(3) to include “computerised financial and accounting systems and electronic transactions, which shall be kept in such form as the Auditor-General shall approve and shall be subject to review by the Auditor-General.”

The third significant responsibility is the submission of the A-G’s Report to Parliament. Article 187, Clause 5, of the 1992 Constitution of Ghana provides “that the Auditor-General shall, within six months after the end of the immediately preceding financial year to which each of the accounts mentioned in clause (2) of this article relates, submit his report to Parliament and shall, in that report, draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament.”

Article 187 of the 1992 Constitution of Ghana further states that “the Auditor-General in his report to Parliament on the public accounts shall draw attention to any case in which he has observed that an officer or employee of Government has wilfully or negligently omitted to collect or receive any public money due to the Government; any public money was not duly accounted for and paid into the Consolidated Fund or designated public account; an appropriation was exceeded or was applied for a purpose or in a manner not authorised by law; an expenditure was not authorised or properly vouched for or certified; there has been a deficiency through fraud, default or mistake of any person; applicable internal control and management measures are inefficient or ineffective; the use or custody of property, money, stamps, securities, equipment, stores, trust money, trust property or other assets has occurred in a manner detrimental to the State; resources have not been used with due regard to economy, efficiency and effectiveness in relation to the results attained; in the public interest, the matter should be brought to the notice of Parliament.” This study, inter alia seeks to assess the extent to which these numerous functions have been carried out efficiently and effectively.

The fourth crucial duty of the Auditor-General relates to Disallowance and Surcharge; Article 187 Clause 7(b) of the 1992 Constitution states that in the performance of his functions, the

“Auditor-General may disallow any item of expenditure, which is contrary to law and surcharge.” According to Section 17 (1) of the Audit Service Act, 2000 (ACT 584) “the Auditor-General shall specify to the appropriate head of department or institution the amount due from any person upon whom he has made a surcharge or disallowance and the reasons for the surcharge or disallowance.” It is worth noting that this power, vested in the A-G has seldom been applied.

The fifth duty of the A-G is the Custody of Assets Declaration Forms by Public Office Holders; Article 286(1) states: “A person who holds a public office shall submit to the Auditor-General a written declaration of all property or assets owned by, or liabilities owed by, him whether directly or indirectly, within three months after the coming into force of this Constitution or before taking office, as the case may be; at the end of every four years; and at the end of his term of office”. This study tends to enquire into the extent to which the aforementioned mandate has been applied by the A-G.

The sixth responsibility of the A-G is the receipt of Internal Auditors Reports; Section 11, subsection 4 of the Audit Service Act, 2000 (ACT 584) requires that “an internal auditor of an organisation or body to which subsection one (1) applies shall submit a copy of each report issued as a result of internal audit work carried out to the Auditor-General.” Seven, the A-G is also responsible for authorising the approval of all financial and accounting systems. “All financial and accounting systems in respect of the accounts provided under subsection (1) shall be subject to prior approval of the Auditor-General and shall be subject to prior approval before implementation”.

The eighth responsibility of the A-G is the auditing of foreign exchange transactions. This function is spelt out in the Audit Service Act, 2000 (ACT 584), Section 12 (1) “The Bank of Ghana shall, not later than three months;

- (a) After the end of the first six months of its financial year; and
- (b) After the end of its financial year, submit to the Auditor-General for audit, a statement of its foreign exchange receipts and payments or transfers in and outside Ghana.” Moreover, the Audit Service Act, 2000 (ACT 584), Section 12 (2), states that “the Auditor-General shall, not later than three months after the submission of the statement referred to in section (1) submit his report to Parliament on the statement”.

The ninth function entrusted to the A-G is the examination of government accounts. The Audit Service Act, 2000 (ACT 584), Section 13, provides that the “Auditor-General shall examine in such manner as he thinks necessary the public and other government accounts and shall ascertain whether in his opinion;

- a) The accounts have been properly kept;
- b) All public monies have been fully accounted for, and rules and procedures applicable are sufficient to ensure an effective check on the assessment, collection and proper allocation of the revenue;
- c) Monies have been expended for the purposes for which they were appropriated and the expenditures have been made as authorised;
- d) Essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property; and
- e) Programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness in relation to the resources utilised and results achieved.”

Finally, the A-G is also responsible for the certification of Controller and Accountant-General’s report on public accounts. According to Section 15 of the Audit Service Act, 2000 (ACT 584), the “Auditor-General shall, upon receipt of annual statement of public accounts required, under sections 40 and 41 of the Financial Administration Decree, 1979, to be made by the Controller

and Accountant-General, examine the statement and certify whether in his opinion the statements present fairly financial information on the accounts in accordance with accounting policies of the Government and consistent with statements of the preceding year in accordance with best international practices, and may state such reservation or comment that he considers necessary.” The above function of the A-G throws light on the researcher’s enquiry of assessing the level of complementarity among the A-G and other financial accountability institutions. The rationale behind the discussion of the A-G’s functions is to find out the extent to which the A-G has applied these functions effectively to ensure public financial accountability in Ghana.

1.6.2 Functions of the Public Accounts Committee

Section 165 (1) of the Standing Orders of Parliament states that “the Public Accounts Committee shall consist of not more than twenty five Members under the Chairmanship of a Member who does not belong to the party which controls the Executive branch of government”. This arrangement has facilitated the independence of the PAC from government to a large extent. Since its inception under the Fourth Republic, the PAC has always been composed of the upper limit of twenty-five members and it has always been chaired by a member from the opposition party. A similar situation exists in the House of Commons in Britain where a leading member of the opposition is usually the chairman of the Committee of Public Accounts. The PAC of Ghana has the rights and privileges of the High Court and can examine witnesses.

The Standing Orders 165 (2) also states that the PAC shall “be assigned the examination of the audited accounts” showing the appropriation “of the sums granted by parliament to meet the expenditure of the government and of such other accounts laid before Parliament.” First, the main function of the PAC is to ensure that public money is spent for the purpose intended by parliament and due economy and high standards of morality are maintained in all financial matters.

Second, the PAC also advises on changes that may be considered desirable in the form of the estimates. Third, the PAC is also empowered to examine the accounts of statutory bodies which have been laid before Parliament (Alvey, 2007). This is an ex post responsibility rather than ex ante role in the budget process typical of legislatures in the United States model (Alvey, 2007).

The PAC is also empowered by the Standing Orders to report to the House at least twice a year. The Committee works closely with the Auditor-General, and it is increasingly involved in performance and financial auditing. According to Ayensu and Darkwa (2000), the PAC and the Committee on Government Assurances serve as mechanisms for executive oversight. The PAC indeed serves as a check on the executive branch on issues relating to financial management. The report of the committee is usually above party politics and has therefore managed to achieve a high degree of unanimity in its findings and recommendations (Commonwealth Parliamentary Association, 2006).

Four, the PAC also holds public meetings. In order that its activities would be known to the general public, the PAC started public meetings in October, 2007. The public meetings of the PAC generated a lot of interest and enthusiasm among Ghanaians, especially civil society organisations and political parties. The establishment of public meetings by the PAC is important for a number of reasons. First, it promotes accountability and transparency in its activities. Second, it demonstrate the preparedness of Parliament to hold ministries, departments and agencies (MDAs) responsible for the resources allocated to them in the course of the financial year. Third, it also promotes accountability and transparency in the use of public funds, and exposes cases of malfeasance, incompetence, fraud and dishonesty in the management of public funds. Fourth, by naming and shaming wrongdoers in the glare view of the public, this served as a deterrent for future culprits. It is however sad to note that in spite of the tremendous work carried out by the PAC, financial malfeasance and misappropriation of

public funds still plague the public sector in Ghana. Indeed many of the victims that have been found guilty of financial malfeasance by the PAC are yet to be sanctioned.

Five, the PAC has “adopted the role of principal watchdog over expenditures and operated as an activist body able to take initiatives” (Warren, 2005). There are two main schools of thought regarding practices and norms of the PAC. One group is of the opinion that the PAC should only limit itself to the examination of the reports of the Auditor –General; while the second group perceives that there should be far greater scope for its investigations. Increasingly, government officials have responded timely to the reports and recommendations of the PAC even though one will expect that there will be greater follow-ups on recommendations for full impact (Ayensu & Darkwa, 2004). In spite of the numerous functions bestowed on the PAC, the Committee is generally constrained by inadequate resources and support staff.

1.6.3 Functions of the Financial Administration Courts

In Ghana, the institution responsible for implementing the recommendations of the PAC is the Financial Administration Court. Section 66 (1) of the Financial Administration Act (FAA), 2003 states that “there is established by this Act a Financial Administration Tribunal referred to in this Act” as the “Tribunal”. The phrase “tribunal” was later amended as “court” (The courts are also known as specialised financial and organised crime courts). By the FAA Act, the Court “shall comprise, a Justice of the High Court who shall be the chairperson; a chartered accountant; and a management accountant or a professional valuer.” Section 66 (3) of the FAA further stipulates that the members of the court “shall be nominated by the Chief Justice in consultation with the Judicial Council and shall be appointed by the President.”

Section Three of Act 760 of the Financial Administration (Amendment) Act, 2008 (Act 760) repealed the Panel System, “made up of a Justice of the High Court as chairperson, a Chartered Accountant or a professional valuer” as member, and introduced the Single Judge System. This

amendment notwithstanding, the court still has jurisdiction to “enforce recommendations of the Public Accounts Committee on the Auditor-General’s report as approved by Parliament.”

The Financial Administration Act, 2003 stipulates that the court has power to;

- (a) “Hear and determine matters that fall for determination under this Act;
- (b) Enforce recommendations of the Public Accounts Committee on the Auditor-General’s reports as approved by Parliament.” (focus of this study);
- (c) “Enforce contracts and bonds entered into in pursuance of this Act;
- (d) Make such orders as it considers appropriate for the recovery of monies, assets or other property due to the State;
- (e) Prohibit any individual whether a public officer or not from managing public accounts or funds if the individual is unqualified professionally or has been persistently negligent in the management of public funds;
- (f) Prohibit any person from participating as a bidder in any government procurement or contract where the person has a record of defrauding the State.”

It is pertinent to note that the Orders of the FAC “shall be enforced in the same manner as an order of the High Court.” (FAA, 2003, Section 66). This clause definitely strengthens the FAC. However, other clauses in the FAC Act tend to downplay the importance about the essence of severe punishment as a deterrent to wrongdoers. For instance Section 69 (1) of the FAA Act states that “a person adversely affected by an audit report may accept liability and offer to pay compensation or make restitution”.

1.7 Organization of the Study

This work is divided into seven chapters:

Chapter one, titled “Introduction and Research Problem” introduces the study topic, and deals with the research problem, research objectives, research justification and rationale, definition of terms and the organisation of the study.

Chapter two, which is the literature review, is divided into the theoretical and empirical literature. The theoretical literature review provides theoretical insight on studies regarding institutions, whereas the empirical literature reviews the existing body of works on accountability in general, public financial accountability, public financial management and civil society organisations (CSOs).

Chapter three, focuses on the theoretical framework and research questions. The chapter discusses the Agency and Stewardship theories as the two major complementary theories that support and address fundamental questions related to the study on public financial accountability.

Chapter four, looks at the methodology applied to the study, the research instrument and the method of data analysis. This chapter also discusses the philosophical assumptions underpinning the study, the research design, research strategy, methodological triangulation, focus area of study, study population, data collection methods, data collection plan and analysis, data viability and reliability and ethical considerations with regards to the study.

Chapter five of the study delves into the data analysis. This section analyses the qualitative data used for the study. The work is analysed on a thematic basis and in tandem with the six main research objectives spelt out in this study.

Chapter six presents and discusses the major findings of the study. Key findings on the Constitutional-legal and the Institutional framework on PFA in Ghana are discussed, as well as the challenges facing the three horizontal accountability institutions.

Chapter seven constitutes a summary of the key findings, conclusions and the lessons learned and their implications for the theoretical, comparative and empirical literature on PFA. The chapter ends with the recommendations of the study.



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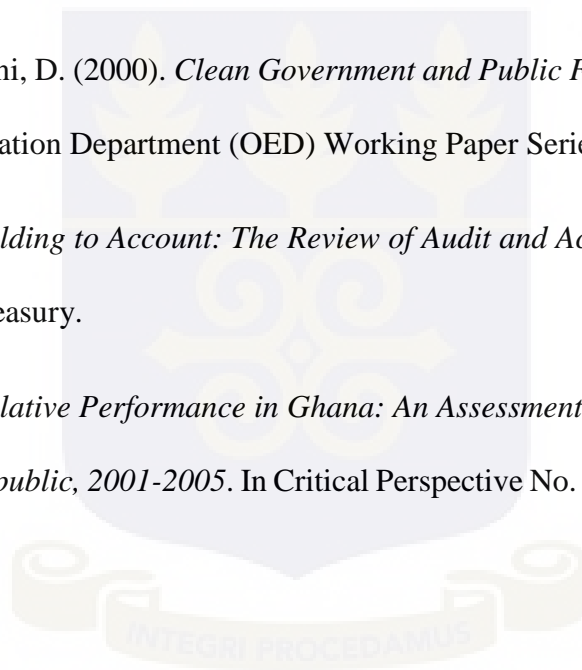
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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The main objective of this section is to review relevant theoretical and conceptual literature in relation to this study. In line with this objective, this chapter is divided into two main sections namely, the theoretical literature review and empirical literature review. Since this study's focus is on public financial accountability institutions, namely the offices of the A-G, Parliament's PAC and FAC, the theoretical literature review provides theoretical insight on studies regarding institutions.

The empirical literature review on the other hand focuses on the existing body of works on accountability in general, public financial management (PFM), public financial accountability (PFA), civil society organisations (CSO), the office of the A-G, Parliament's PAC and the FAC.

2.2 Theoretical Literature Review

This work applies the Agency and Stewardship theories as its main theoretical framework. The two theories are discussed at length in chapter three. Apart from the two theories mentioned above, the Institutional theory is also relevant to this study as the study focuses on three key horizontal financial accountability institutions, namely the office of the Auditor-General, Parliament's public accounts committee and the financial administration courts.

2.2.1 North's Theoretical Insights on Institutions

Institutions are the "humanly devised constraints that structure political, economic and social interaction" (North, 1990:36). According to North (1990), they consist of both informal constraints such as sanctions, taboos, customs, traditions, and codes of conduct and formal

rules and laws that have been spelt out in the constitution. Institutions, according to North (1990), have been devised by human beings to create order and reduce uncertainty in exchange. Institutions are also established to ensure that no one breaks the rule, bound behaviour, credibility and everyone is held accountable. Political Institutions are therefore organisational instruments created for the purpose of empowering, so that rational actors are able to distribute power amidst transaction costs. North (1990) argues that because human transactions involve costs, there is the need to negotiate, draw contracts, make inspections and ensure enforcement. According to North (1990), Institutions are also the formal rules created to serve the interest of those with bargaining power to devise new rules.

2.2.2 The Traditional Institutional Approach

Contemporary institutional theory has captured the attention of many scholars in the social science discipline. Scott (2006), is of the view that institutional theory is employed to examine systems ranging from micro interpersonal interactions to macro global frameworks. He further asserts that institutional theory inquiries into how these elements are created, diffused, adopted and adapted over time and space, and how they fall into disuse and decline.

According to March and Olson (1998), the theory also considers the processes by which structures, including schemas, rules, norms and routines become established as authoritative guidelines for social behaviour. Institutionalism thus connotes a general approach to the study of political organisations, a set of hypothetical ideas and theories with regards to the relationship between organisational features and political activity, performance and subsequent changes (Scott, 2006). Lowndes (2002) adds another dimension to the scope of institutionalism. In his view, the institutional approach to the study of government and politics is often referred to as the “historic heart” of the subject and part of the toolkit of every political scientist. Institutional approach thus covers the rules, procedures and formal organizations of government. According to Lowndes (2002), it employs the tools of the lawyer and the historian

to explain the constraints on both political behaviour and democratic effectiveness, fostering the Westminster model of representative democracy.

Tolbert and Zucker (1994), outline institutionalism as a formal structure, whose existence has both symbolic and action generating properties. According to March (2005), formal structures refer to the organization's commitment to rational and efficient standards of organizing, as well as the provision of social accounts. With regards to their symbolic functions, some scholars have underscored some key functions served by mission statements, structural arrangements and top level members.

2.2.3 Characteristics of Traditional Institutionalism

Peters (2005) identifies five key features of traditional institutionalism namely, legalism, structuralism, holism, historicity and normative. Legalism with regards to traditional institutionalism has to do with the law. According to Peters (2005), law refers to the dominant role of law in governance. Moreover, law constitutes both the framework of the public sector itself and a major way in which government can affect the behaviour of citizens and thereby shape States into effective bodies. According to Peters (2005), structuralism focuses on major institutional features of the political system, and that structure not only mattered but also determined behaviour. Peters (2005), further contends that the traditional institutionalists relied on comparative analysis in considering political systems in order to obtain the variations they desired. Proponents of this tradition compared whole systems rather than individual institutions such as legislatures, the executive and the judiciary. Holism is the third assumption of traditional institutionalism. Holism as an approach places more emphasis on constitutions and formal structures. Fourth, analysis of political institutions was done within the context of their historical development and socio-economic conditions within which they operated (Peters, 2005). The idea was that, in order to appreciate the workings of a political system, the researcher had to understand the development pattern that produced the system. Peters (2005)

further asserts that the behaviour of the political elite tended to be a function of their collective history and their understanding of politics was also influenced by history.

Lastly, the analysis of traditional institutionalists had strong normative connotations. Peters, suggests that political science as a discipline emerged from normative roots and so traditional institutionalists linked their descriptive analysis of politics with the concern for “good government”.

2.2.4 Criticisms of Traditional Institutionalism

Notwithstanding the ground breaking role of traditional institutionalism, it was subjected to serious criticisms from behavioural and rational choice theorists. First, the over reliance on structure by the traditional institutionalists leave very little room for the impact of individuals, which in their view is not good enough (Peters, 2005). Second, the focus of old institutionalists on whole systems lay emphasis on norms and values which seems to imply that this work could not be scientific (Peters, 2005).

Dewey (1996), contends that the emphasis on official governmental organisations, legitimate issues and public law was too formalistic and out-of-date. In line with this idea, scholars have further argued that traditional institutional approach was perceived as fairly unresponsive to the non-political determining factors of political behaviour and thus, the non-political bases of governmental organisations. Based on the above criticisms, the researcher agrees with Lecours’ (2005) assertion that traditional institutionalism was more theoretical, too descriptive and parochial as basis of assessment resulted in generalizations and therefore made theory building too difficult (Lecours, 2005). Third, critics argue that the concentration of traditional institutionalists on normative analysis undermines the subject matter of political science. They contend that the institutionalists’ key emphasis on norms and values is indicative of the unscientific nature of their work.

2.2.5 New Institutionalism

According to Peters (2005), the term “new institutionalism” was coined by March and Olsen (1998), to emphasise the theoretical importance of institutions. This renewed interest in institutions has been expressed in slogans such as, “bringing the state back in” and “structuring politics”. Scholars argued that political institutions had receded in importance from the position they held in the earlier theories of political science. Lowndes (2002), however postulates that the main stream of political science can only be classified as being “reductionist”. New institutionalism is thus a relatively new theoretical perspective that has touched increasing levels of acceptance among social scientists. The upsurge in the new institutionalism can be understood as a historical modification of rational choice perspectives that gained prominence in the social sciences in the 1970s, though the two viewpoints are intimately linked to the “behavioural revolution” of a decade earlier. Through their analysis, new institutionalists have made a case for giving institutions analytical primacy.

March and Olsen (1998) are of the view that political institutions play a more autonomous role in shaping political outcomes, since the organisation of political life makes a difference. They further contend that the bureaucratic agency, the legislative committee, the appellate courts are arenas for contending social forces, but they are also collections of standards operating procedures and structures that define and defend interest. In their view, they are political actors in their own right.

The proposition of March and Olsen (1998) triggers questions about; what constitutes a political institution; the way institutions do their work, particularly with regards to how they define and defend interest and the capacity of individual actors to influence the functioning of relatively autonomous political institutions (Lowndes, 2002). Unlike “old institutionalism” that was adverse to theory, the new institutionalism is markedly enthusiastic, developing diverse theoretical projects. The divergence in approach is the fact that whereas traditional

institutionalists employed a descriptive (inductive) method and subsequently drew conclusions from empirical investigations, the new institutionalism on the other hand tends to experiment with deductive approaches that start from theoretical propositions about the way institutions work.

2.2.6 Underlying Assumptions of New Institutionalism

New institutionalism hinges on certain core perspectives. The first postulation is that organisations create components of predictability and order. This enables them to fashion, empower, and compel political actors as they act within the reasoning of suitable deeds. Organisations are also holders of identity and roles as well as makers of a polity's character, history, and vision. According to Lowndes (2002), institutions also provide the links that bond people together irrespective of the numerous issues that divide them. Second, the conversion of arrangements into political and institutional steadiness and change, are produced by comprehensive and routine processes. These procedures bring about repeated styles of action and institutional designs. Third, governmental directive is shaped by a group of organisations that fits into a comprehensible system. Moreover, the size of the sector of institutionalised activity changes with time. Besides, organisations are structured on different principles. Furthermore, political players put themselves in order and behave in line with laid down practices and rules that are publicly created, socially recognised, expected and acknowledged. Institutions, as a result of these rules, practices and norms outline fundamental duties and rights, form or control such advantages, problems and life chances are assigned in society, and generate power to settle issues and conflict resolution (Weber, 1978).

Fourth, organisations make social relations meaningful, decrease inconsistencies and flexibility in behaviour, and limits the possibility of a one sided quest of self-centredness or drives (March & Olson, 2002). The essential logic of action is following rules that is, prescription centred on the question of suitability and a logic of right and duties derived from a personality and

membership in a community as well as the beliefs, practices and expectation of its organisation. Rules are obeyed since they are perceived as natural, equitable, predictable and genuine. Thus rules are followed naturally, and not as a result of coercion or the use of naked power. Members of institutions are expected to obey, and be the guardians of its constitutive principles and standards. March and Olson's (2002) assertion is aligned to the stewardship theory used in this study. Finally, institutions are not static; and institutionalisation is not an inevitable process; nor is it unidirectional, monotonic or irreversible. Generally, since institutions are defended by insiders and validated by outsiders, and because their histories are encoded into rules and routines, their internal structures and rules cannot be changed arbitrarily (March & Olsen, 1989). However, the changes that takes place are most likely to reflect the adaptation to local experience and thus be fairly myopic and meandering, rather than optimizing, as well as ineffective, in the sense of not reaching a uniquely optimal arrangement (March, 1981).

2.2.7 Approaches to New Institutionalism

Basically there are three main forms of new institutionalism namely; normative institutionalism, historical institutionalism and rational choice institutionalism. There is a major problem with regards to the empirical measurement of institutions and variations in their characteristics. This perhaps poses the greatest challenge to the use of these theories in a more systematic manner (Peters, 2000).

2.2.8 Normative Institutionalism

March and Olsen (2002) are the advocates of the normative institutionalism concept. They are of the view that the best way to understand political behaviour at both the individual and collective levels is through the "logic of appropriateness" that individuals acquire through their membership in institutions. Normative logic was thus contrasted with the "logic of consequentiality" that is central to rational choice theories. Normative institutionalists further

argue that people functioning within institutions behave as they do because of normative standards, rather than their desire to maximize individual taste and preferences. These standards of behaviour, they opine, are acquired through involvement with one or more institutions, which are the major social repositories of values. This school of thought enriches the discourse on accountability as to whether a set of rules and regulations perse enhances accountability. From Peters (2005) perspective, normative institutionalism reflects the important role assigned to norms and values within an organisation in explaining behaviour of actors.

2.2.9 Historical Institutionalism

The second key approach to institutionalism is historical institutionalism. According to Peters (2005), it emerged in response to the group theories of politics and structural-functionalism which was very dominant in the study of political science in the 1960s and 1970s. Hall and Taylor (1996) argued that the proponents of historical institutionalism built on the old tradition of political science that assigned importance to formal political institutions. Peters (2000), further argues that policies and structural choices made at the inception of the institution has the propensity to persistently influence its behaviour for the rest of its existence. The basic explanatory principle of historical institutionalism is “path dependency”. In this direction, historical institutionalists place more emphasis on the persistence of organisations after they have been formed than on the fact of their initial creation (Peters, 2005). Historical institutionalism makes a case for the historical analysis of institutions by adapting the concept of path dependency. With regards to historical institutionalism, institutions are regarded as somewhat stable and rigid for reforms and environmental changes. According to Hall and Taylor (1996), they can range from the rules of a constitutional order or the standard operating procedures of a bureaucracy to the conventions governing trade union behaviour. This

approach fits in explaining the persistence of policies, but not too promising in explaining change in policies or structures.

2.2.10 Rational Choice Institutionalism

Rational choice institutionalism (RCI) emerged from the study on the Congress in the United States (Hall & Taylor, 1996). The concept sought to explain the unusual stability associated with congressional outcomes. The underlying tenet of rational choice institutionalism is that institutions are arrangements of rules and incentives, and the members of the institutions behave in response to those basic components of institutional structures (Peters, 2000). Unlike individuals in normative institutionalism, the preferences of the occupants of these structures are not modified by membership in the institutions. On the contrary, the individuals who interact with the institutions have their own set of preferences that remain largely unchanged by any involvement with the institutions. The objective of rational choice institutionalism is to uncover the laws of political behaviour and action. Proponents of this tradition generally believe that once these laws are discovered, models can be constructed that would help social scientists understand and predict political behaviour. Rational choice institutionalists drew very useful analytical tools from the “new economics of organisation” which emphasises the primacy of property rights, rent-seeking and transaction cost to the operation and development of institutions (Hall & Taylor, 1996). With the passage of time, rational choice institutionalists have turned their attention to a variety of other phenomena, including cross-national coalition behaviour, the development of political institutions and the intensity of ethnic conflict (Hall & Taylor, 1996). Other scholars have even used the concept of rational choice institutionalism to explain the rise or fall of international regimes, the kind of responsibilities that States delegate to international organisations and the shape of such organizations (Hall & Taylor, 1996).

Rational choice institutionalism theory has its own weaknesses just like other theories. First, it relies extensively on a set of behavioural assumptions. Proponents maintain that actors have a

fixed set of preferences and behave entirely instrumentally so as to maximise the attainment of these preferences. According to Hall and Taylor (1996), this is done in a highly strategic manner that presumes extensive calculation. Secondly, rational choice institutionalists tend to see politics as a series of collective action dilemma. This entails individuals acting to maximize the attainment of their own preferences that are more likely to produce an outcome that is collectively suboptimal. In most cases, actors are prevented from taking collective superior course of action due to the absence of institutional arrangement that would guarantee complementary behaviour by others (Hall & Taylor, 1996). Thirdly, rational choice institutionalists place key emphasis on the role of strategic interaction in the determination of political outcomes. They suggest that the actor's behaviour is likely to be driven not by impersonal historical forces, but by a strategic calculus which is likely to be deeply affected by the actor's expectations about how others are likely to behave as well (Hall & Taylor, 1996). Lastly, rational choice institutionalists explain how institutions originate and persist over time. This is done by the use of deductive methods to arrive at conventional specifications of the functions that an institution performs. Subsequently, they explain the existence of the institution by making reference to the value those functions have for the actors affected by the institutions. The process of institutional creation thus revolves around voluntary agreement by relevant actors. In cases where the institution becomes subjected to competitive selection, it survives primarily because the benefits provided to the relevant actors are far more than alternative institutional forms (Hall & Taylor, 1996).

2.2.11 Strengths of New Institutionalism

The renewed interest and emphasis on institutionalism attests to the continuous benefits inherent in institutional analysis. The theory reveals the importance of institutions, and their alternatives present important analytical tools for the study of political science and other disciplines. This segment discusses some of the key strengths of new institutionalism.

New institutionalism highlights that institutions do not simply represent constraints or embody opportunity for action, rather institutions are central makers in the process of preference formation. Lecours (2005) is of the view that institutions are involved in every dimension of politics, and they shape political processes every step of the way. Moreover, new institutionalism emphasises the relationship between institutions and actions. It tends to suggest that actors adapt their behaviour to existing institutional frameworks thereby legitimising institutions and favouring institutional continuity (Lecours, 2005).

Furthermore, new institutionalism provides the analytical tools for determining institutional change. For example, rational choice institutionalists have adopted the utilitarian view of institutional change. They argue that institutions are demanded because they enhance the welfare of rational actors, and are transformed when they become dysfunctional or yield suboptimal results (Lecours, 2005). In addition, even though the new institutionalists return to the institutional root of political science, they also place emphasis on the importance of individual actors in the political process. Individuals play a central role in the normative institutional and rational choice models and are empowered to make choices within institutions. However, these choices are largely conditioned by their membership of a number of political institutions. As Peters (2000) rightly asserts, individual's actions are affected by the values that are advanced by institutions. New institutional theorists also address the shortfalls in the polity. Rational choice institutionalism affirms that institutions are designed to overcome identifiable shortcomings in the market of the political system as a means of producing desirable outcomes. The concept of new institutionalism enhances our understanding in examining the nature of institutions in the political system. As Peters rightly points out, the concept helps in explaining the persistence of institutions and their policies. New institutionalism concept also delves into the nature of institutions and their associated policies. In line with this study, new institutionalism also seeks to make enquiries into why actors behave the way they do in an

institutional setting. Lastly, new institutionalism demonstrates the importance of institutions, by placing emphasis on the origins of institutions. For instance, the rational choice institutionalists have produced a well-designed account of institutions, elaborating on the functions that these institutions perform and the benefits they provide. According to Hall and Taylor (1996), the theory is helpful in explaining how existing institutions continue to exist, since the persistence of an institution often depends on the benefits it can deliver.

2.2.12 Limitations of New Institutionalism

Irrespective of its usefulness in explaining the existence of institutions, the institutional theory nonetheless has been subjected to various criticisms. Some critics of the theory have repeatedly questioned whether the institutional account presents anything new; whether its empirical and theoretical assertions can stand the test of time; whether its classifications are falsifiable; and as to how it can be distinguished from other accounts of politics. The above criticisms are explained in details below.

According to Peters (2000), there is seeming theoretical inconsistency within new institutionalism, because some of the alternative approaches are not only different, but contradictory as well. He opines that, if one adopts some versions of the institutional approach, he or she may have different empirical evidence, resulting in different predictions about behaviour, than if one were doing research using another version. Secondly, the contention that institutions tend to be inherently static, is in sharp contrast with the world of politics that is always changing and dynamic. New institutional theories tend to be variance theories, and are better at explaining differences among types of institutions than in explaining the development of one or another individual institution (Peters, 2000). Thirdly, there is the difficulty in falsifying the predictions coming from this body of theory, especially with regards to the rational choice theory. It is also difficult to find any situation in which individuals could be said not to be acting rationally in the context of some possible set of incentives or another

(Peters, 2000). Finally, March and Olsen (1989) argue that organisations face what is renowned in philosophies of adaptation as the difficulty in balancing manipulation and exploration. Exploitation include the use of knowledge that exists, guidelines and procedures that are seen as encoding historical lessons. Exploration on the other hand involves the examination of rules, knowledge and procedures which may come to be known. The adaptive character of rules, as well as that of organisations are endangered by their steadiness and dependability. According to March and Olsen (1989), although rule violation is a bad idea, it sometimes is; and without carrying out tests with that possibility, the efficiency of the set of rules declines over time.

2.2.13 Relevance of the Institutional Theory to the Study

The institutional theory enhances our understanding about institutions and how they function within a plethora of rules, regulations, conventions, norms and practices. This study on public financial accountability makes inquiries into three horizontal accountability institutions namely the office of the A-G, PAC and the FAC. The employment of the tools on institutional theory helped us examine the degree of collaboration between the A-G, PAC and FAC in promoting PFA. The theory is useful to this study because it deals with both formal and informal aspects of organisations, and explains the utility of both the structures and the actors in the institutional setting.

2.3 Empirical Literature Review

Much of the literature on accountability is descriptive. Moreover, the academic literature from political science and governance fields tends to be more conceptual (Joshi, 2010). This section reviews the conceptual issues that underpins the notion of accountability in general, and the literature on PFM, PFA and CSO. Literature on the concept, definitions and types of accountability in general are reviewed in this study. Also, the accountability framework and

critiques of the concept of accountability are discussed. Secondly, the body of work on PFM, PFA and CSOs in Africa, and specifically on Ghana are reviewed as well.

2.3.1 Conceptualizing Accountability

The term accountability has become synonymous with nations that embrace democratic systems of governance. However, the concept of accountability also carries to a large extent uncertain notion (Bovens, 2007a; Blagescu et al., 2005; Levaggi, 1995; Sinclair, 1995). The ambiguity regarding the term accountability has resulted to scholars developing their own thoughts and ideas of the subject (Bovens, 2010; O'Connell, 2005; Koppell, 2005; Mulgan, 2000a; Williams, 1987). Williams (1987), argues that the concept of accountability is almost synonymous with ethics and fairness: thus in assessing an account that has been submitted, the account holder could interpret such account as being either unfair or fair. Williams (1987), also holds the view that, the holder of the account should take an independent opinion when examining the account. The definition by Williams (1987) supports this study as it relates financial accountability to the acceptable behaviour expected from public officials engaged in the accountability process. Messner (2009) supports the line of thinking. This school of thought concurs with the theoretical framework used in supporting this thesis.

Apart from the quality of actors', O'Connell (2005), adds another dimension to the features of accountability to encompass technical issues. He stresses that public sector accountability has to do with value for money and high-quality services carried out with decent behaviour. The literature on accountability also places considerable emphasis on the importance of internal and external mechanisms in enforcing accountability. Frederick (1940), for instance, stressed the need to strengthen the internal controls of self-restraint of public officials through education and training. On the other hand, Finer (1941) and others rather opined that external political controls were necessary to ensure that public officials were politically responsible. This study adds to the discourse by arguing that both perspectives, internal and external controls should

be regarded as complementary rather than as alternatives for one another. According to Jabbara and Dwivedi (1988), internal control emphasise the social control on public officials through education and training and a codification of some ethical guidelines for officials that would enable them override political directions contrary to public or state interest. They further argue that external control on the other hand, emphasise the political controls on civil servants to ensure that they are accountable to the public or their political representatives. In the same vein, Mulgan (2000a) argues that the dominant idea of accountability has to do with a call to account for one's action. This implies the role of an external actor in examining one's obedience with regards to the mandate bestowed on that person. The study of Mulgan (2000a) is useful, as it throws light on the role of external parties such as the office of the Auditor-General in the accountability process.

Mulgan (2001) further explains why scholars propose different concepts for accountability. In his view, accountability should be considered as a situational concept, in that its procedures depend to a large extent on the particular setting where the accountability processes are in operation. In line with this school of thought, Sinclair (1995) argues that such differences are inevitable since accountability has multi-disciplinary subjects. To buttress this point, Sinclair provides some examples: auditors classify accountability from a financial and numerical view point, whereas researchers in politics view accountability from a political science standpoint. Legal professionals on the other hand, perceive the concept from a legal view point, whereas philosophers touch on the actors' ethical values. Sinclair's classifications are useful as it enables us place this study under a specific discipline and context; political science and financial accountability.

Bovens (2010), contributes to the literature on accountability by arguing that the notion of accountability could be divided into schools of thought. The first school of thought, accepted renowned American academics understand accountability as a concept based on principles,

which is used in evaluating the behaviour of public officers centred on morals and virtue of the public officials (Bovens, 2010). Thus, being accountable is construed as a mark of quality in an organisation or public officials. The proposition of Bovens (2010) enriched the researcher's understanding about the stewardship theory, applied in this work.

The second school of thought is championed by most Australian, Canadian and European academics. They hold the view that accountability is a social procedure and organisational association through which the mandate-recipient could be held to account by the mandate-giver (Bovens, 2010). The two schools of thought mentioned above, reveal that two key thematic ideas run through the concept of accountability. First, accountability as a virtue due to the good behaviour of public officials. Second, accountability as a mechanism through which public office holders could be held accountable for their actions or inactions (Bovens, 2010). This study complements both schools of thought and aligns it to the stewardship and agency theories, the principal theories applied to the study.

Brinkerhoff (2001:5), on the other hand, distinguishes between answerability and enforcement as different types of accountability. Answerability refers to the obligation to provide information and explanations concerning decisions and actions, while enforcement has to do with the ability of the overseeing actor(s) to impose punishment on the accountable actor(s) for failures, offences and unsatisfactory answers. The availability and application of sanctions for illegal or inappropriate actions and behaviour uncovered through answerability constitute the other defining element of accountability. In his opinion, answerability without sanctions is generally considered to be weak accountability. Brinkerhoff's (2001) assertions concur with the findings of this study.

Chirwa and Nijzink (2012) agree with Brinkerhoff that accountability relates to answerability and enforcement. In their opinion, answerability refers to the duty of the State and its arms of

government and public officials to provide information about their actions and to justify them to the public and those institutions tasked with providing oversight. Enforcement on the other hand, is an evaluation of whether the public or the institution responsible for oversight can sanction the offending party or remedy the omission or commission. Chirwa and Nijzink (2012) assertions are useful since it forms the crux of this study.

Another classification with regards to accountability often distinguishes between institutions and actors located within and outside the state. Accountability within the state refers to state institutions that curb abuses by other public agencies and branches of government. O'Donnell (1999: 38) terms this category, horizontal accountability, which he defines as, "the existence of state agencies that are legally enabled and empowered, and factually willing and able, to take actions that span from routine oversight to criminal sanctions or impeachment in relation to actions or omissions by other agents or agencies of the state that may be qualified as unlawful." Thus accountability within the state or horizontal accountability refers to separation of powers such as courts, parliamentary institutions, and anti-corruption agencies that defines a democratic system (Ribot, 2002:29; Lutz & Linder, 2004). The ability to apply sanctions from outside the state or vertical accountability involves means by which the public can sanction the state. Whilst Ribot (2002) refers to this phenomenon as downward accountability, Romzek (2000) puts it as political accountability. The various classifications with regards to accountability is useful, as it places this study under a specific context (horizontal accountability).

Olowu (1995) is of the view that the concept of accountability should be viewed from conventional and formal perspectives. According to him, conventionally accountability refers to answerability for one's actions or behaviour, while formally, accountability involves the development of objective standards of evaluation to assist the owners of an organization to evaluate the performance of duties by individuals and units within the organization. The above

classification assumes that accountability connotes three crucial components: a clear definition of responsibility, reporting mechanisms and a system of review, rewards and sanctions. In relation to this study, the first function of responsibility refers to the executive arm of government (Public officials in responsible positions) who are held accountable for their actions or inactions, while the office of the Auditor-General and Parliament's Public Accounts Committee fits into the second function of 'reporting mechanisms'. The third function, a system of review, rewards and sanctions refers to the Financial Administration Courts in this study.

2.3.2 Varied Conceptualisations of Accountability

The concept of accountability defies a clear-cut definition. According to Fox and Meyer (1995:2), accountability is the "responsibility of governments and its agents towards the public to achieve previously set objectives and to account for them in public". Accountability also implies an obligation from public officers to accept civic responsibility regarding their inactions and actions. "The burden of accountability therefore rests on public officials to act in the public's interest and according to his or her conscience, with solutions for every matter based on professionalism and participation" (Fox & Meyer, 1995:5).

According to Mulgan (2000a), the core of accountability is the obligation to answer to a superior for one's actions and to accept appropriate remedies including sanctions. The line of thinking is also expressed by Jenkins and Gary (1986) who viewed the concept of accountability in terms of actions necessarily geared towards rendering an account of the steward's behaviour to the principal. These definitions hinges on the researcher's theoretical framework (agency and stewardship theories).

Similarly, Grant and Keohane (2005) are of the view that some actors have the mandate to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in

light of these standards, and to impose sanctions if they determine that these responsibilities have not been met. The concept of accountability therefore implies that the actors being held accountable have obligations to act in ways that are consistent with the accepted standards of behaviour and that they will be sanctioned for failure to do so. In relation to this work, Parliament's public accounts committee have the constitutional mandate to hold public officials to a set of legal and regulatory framework for public financial accountability standards, while the Financial Administrative Courts are supposed to apply sanctions to wrongdoers.

Hague (2000:612) on the other hand, perceives accountability to be "answerability of public officials to the public for their actions and inactions for which they are subject to both external and internal sanctions". On the contrary, Basu (1994: 472) perceives accountability to be "liability of government servants to give a satisfactory account of the use of official power and/or discretionary authority." It entails a duty to uncover, justify and clarify work done while rendering public services. Some scholars have placed strong emphasis on the definition of accountability as a virtue. Roberts (1999: 356), from his point of view, defines accountability as "a form of social relation which reflects symbolically upon the practical interdependence of action: an interdependence that always has both moral and strategic dimensions." Messner (2009: 920) on the other hand opines that accountability is "a morally significant practice, since to demand an account from someone is to ask this person to enact discursively the responsibility of her behaviour". The two classifications of accountability cited above, suggests that public office holders should have ethical and professional standards that are value driven to guide them in the performance of their duties. This study, however, holds a divergent view that ethical values and professional standards alone do not enhance accountability.

Sinclair (1995: 231), nonetheless, is of the opinion that the classification of accountability as a virtue, in terms of honesty and integrity tends to be problematic; as it is "more 'idiosyncratic', the product of an upbringing or personal voyage of discovery...." Accordingly, Bovens (2010)

has also stated that placing emphasis on accountability as a virtue is rather ambiguous because “there is no general consensus about the standards for accountable behaviour and because these standards differ, depending on role, institutional context, era, and political perspective” (Bovens, 2010: 949).

Tisné (2010: 2), states: “Broadly speaking, accountability refers to the process of holding actors responsible for their actions. More specifically, it is the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers according to a certain standard (whether set mutually or not)”.

Ayee (1994: 3) defines accountability as “holding public officials responsible for their actions”. According to Ayee (1994), an effective process of accountability usually comprises two relatively distinct, but serially- related sub processes, which may be undertaken by different agents and through different mechanisms. From the aforementioned definitions, the key doctrines of accountability as captured in the literature on accountability in the public sector include:

- a) Undertaking official activities and strategic decisions in a transparent way, taking into consideration the interest of various stakeholders;
- b) Maximum utilisation of scarce resources – with key emphasis on cost benefit analysis and value for money, with zero tolerance towards economic mismanagement and corruption;
- c) Sticking to professional and ethical standards, as well as rules and regulations;
- d) Putting in place effective mechanisms that provides information and feedback to the general public; and
- e) Applying sanctions to wrongdoers.

This study on accountability hinges on the five variables mentioned above.

2.3.3 Types of Accountability

Scholars and researchers have applied a number of standards to make analytical distinctions about the types of accountability. With regard to the public sector, various types are normally mentioned by researchers (Stewart, 1984; Day & Klein 1987; Romzek & Dubnick, 1987; Sinclair, 1995; Bovens, 2005), such as public, political, managerial or administrative, organisational, professional and personal accountability.

According to Lindberg (2009), the types of accountability can be organised along three dimensions. The first dimension has to do with the accountability relationship, which to him could either be an internal or external relationship. Thus for instance, in a bureaucracy where superiors hold their subordinates accountable for their task, the source is internal, whereas the relationship between voters and representatives is external to the legislature or executive being held accountable. The second aspect has to do with the varying degree of control which the principal exercises over the power holder. For instance, financial auditing exercises extremely detailed control based on specific rules and regulations, while patron-client accountability would have a highly diffused control. This assertion has enriched the researchers understanding about the essence of having an appropriate legislative framework, as well as checks and balances to ensure effective accountability.

Thirdly, the spatial direction of the accountability relationship could either be vertical or horizontal. For example, shareholders exercise an upward form of vertical accountability when they hold business executives accountable for the company's performance. On the other hand, when the legislature engages in executive oversight or the constitutional court reviews acts adopted by the legislature, this is a form of accountability that runs horizontally 'among equals' (O'Donnell, 1998).

According to Mashaw (2006), the types of accountability could be categorised as public governance, market and social accountability. Public governance places emphasis on the accountability of public sector organisations and their officials (The focus of this research). Whereas market accountability relates to accountability in the private sector, social accountability relates to accountability among families and professions. Scholars have cited a variety of ideas about the types of accountability in the public sector. Day and Klein (1987), for instance, deliberate on two main types of accountability namely, political and managerial accountability. Sinclair (1995) on the other hand focuses on five types; public, political, managerial, professional and personal accountability.

Sinclair (1995:225) defines public accountability as “a more informal but direct accountability to the public, interested community groups and individuals”. This type of accountability has more informal tendencies than political accountability. Pablos et al. (2002) have stated that a citizens’ right to know is at the root of this type of accountability. Public accountability thus involves the process of answering public concerns about organisational actions and performance through various mechanisms, such as the media and public hearings (Sinclair, 1995). The strength of public audit can support public accountability (Stewart, 1984)

Political accountability dates back to the Athenian era, which inter alia meant holding officials accountable for their actions (Newell & Bellour, 2002: 7). It was then extended to include ministerial and parliamentary accountability. According Day and Klein (1987: 26), “Political accountability is about those with delegated authority being answerable for their actions to people, whether directly in simple societies or indirectly in complex societies.” Those with delegated authority from the above definition include civil servants, politicians, cabinet members, legislators, and political parties, all of whom should be accountable to their constituents.

According to Sinclair (1995), the chain of political accountability in the parliamentary system links public officials to the directors of particular departments, who are accountable to ministers, then to the cabinet, to the parliament, and finally to the electors. However, for some other countries, the chain directly links public managers to representatives and political parties (Bovens, 1998). The basis of this accountability relationship is based on responsiveness to constituents (Romzek & Dubnick, 1987; Brinkerhoff, 2001). Organisational accountability, or what Mashaw (2006) refers to as “administrative accountability”, is normally based on the relationship between superiors and subordinates in organisations or hierarchical relationships (Bovens, 2005; Mashaw, 2006).

According to Day and Klein (1987: 26), managerial accountability is defined as “making those with delegated authority answerable for carrying out agreed tasks according to agreed criteria of performance”. They further argue that organisational accountability can be classified into three sub-types, namely fiscal/regularity accountability, process/efficiency accountability, and programme/effectiveness accountability. These three sub-types focus on input, output, and outcome respectively, and are a means of checking on the appropriate use of resources, accomplishment, efficiency of output, and effectiveness of outcome (Day & Klein 1987; Sinclair, 1995).

Stewart (1984), also argues that managerial accountability involves programme and performance accountability that focuses on goals, results, standards and performance. The implication is that managerial accountability focuses on input, output and outcome. Accounting information and financial reports are important tools for showing how organisations use resources and how effective they are (Behn, 2001).

Brinkerhoff (2001) on the other hand, places emphasis on financial accountability and performance accountability. Financial accountability relates to controlling and monitoring the

use of public resources. It also includes the rules and regulations put in place to ensure accountability and procedures on resource allocation and reporting. The phrase ‘performance accountability’ is defined as scrutinising the process of achievement through the use of public resources (Brinkerhoff, 2001). The focus is on what government does, and what it actually accomplishes.

Another type of accountability is that of professional accountability. Public officials should be accountable to an expert group of which they are a member (Sinclair 1995). Normally, subordinates should be accountable to their superiors. However, the difference between bureaucratic or organisational accountability and professional accountability is the degree of control (Romzek & Dubnick 1987). The degree of control is high in the case of bureaucratic accountability while it is low for professional accountability. In addition, professional bodies usually have their own code of conduct or standards for all their members to follow (Bovens, 1998). This type of accountability is necessary when a government is dealing with difficult or complex problems and hence the need for skilled or expert officials (Romzek & Dubnick 1987). These officials have to be accountable to professional peers. Although outside professional bodies may directly influence the decision or actions of the expert, either through standards or education, the main authority belongs to the agency for controlling or monitoring the operational process. This type of accountability is characterised by deference to expertise (Romzek & Dubnick, 1987).

Finally, personal accountability is defined as “fidelity to personal conscience in basic values such as respect for human dignity and acting in a manner that accepts responsibility for affecting the lives of others” (Sinclair, 1995: 4). In line with personal accountability, Bovens (1998) reiterates that individuals should be responsible for actions that may affect other people. Axworthy (2005) adds to the discourse on personal accountability by suggesting that this type of accountability focuses on a personal ethic of responsibility. The idea behind this type of

accountability serves as a theoretical base, and a pivot around which the theoretical framework in this study would be developed.

2.3.4 Accountability Framework

Public sector accountability places emphasis on three key questions. First, who should be held accountable? Second, what are they accountable for? Third, to whom are they accountable? (Bovens, 2007a; Castiglione, 2007; Hughes, 2003; Mulgan, 2001; Patton, 1992). Bovens (2007a) adds a fourth dimension to the question by asking: Why is the actor under obligation to present an account?

With regards to the first question, the actor could either be the public officials within the organisation or the organisation itself (Castiglione, 2007; Bovens, 2007a; Mulgan, 2001; Hughes, 2003). Bovens (2007a), however, questions who the specific actor would be; since accountability practices involve many hands, who is responsible for delivering the account in the accountability process? Regarding this question, Mulgan (2001) suggests that the leader at the apex of the organisational level, should on behalf of the organisation deliver the account at the appropriate forum, while at the lower level, public officials, subordinate employees or volunteers should render accounts to their superiors. This notwithstanding, public sector institutions are generally made up of people at different levels (Bovens, 2007a; Hughes, 2003). From a broader perspective, public policy formulation generally involves policy makers as well as committees or task forces that have been tasked to review policies before its implementation (Bovens, 2007a). The subsequent question that needs to be addressed is “who, then, should be singled out for accountability, blame and punishment?” (Bovens, 2007a:458).

On the subject of public sector accountability, the accountability process begins with the utmost task at the peak, and carries on with reducing levels of obligation to the last level (Bovens, 2007a). Thus external parties such as the offices of the A-G and PAC hold high-ranking

officials accountable. Subordinates on the other hand, are held accountable by their superiors (Castiglione, 2007; Bovens, 2007a). In Ghana, the sector minister, heads of departments of the various Ministries, Departments and Agencies and other budget spending officers are singled out for accountability purposes.

What are they accountable for? Mulgan (2001) states that individuals or organisations could be held accountable in three areas: First, financial reporting and legal compliance. Second, performance and general direction and third, specific clients and other stakeholders. In order to ensure effective accountability in the public sector, Castiglione (2007) proposed that the association among the actions taken by public officials should be in tandem with what has been outlined by parliament. This assertion throws light on the question of whether public officials have diligently adhered to the constitutional-legal framework on PFM. He further asserts that the exact characteristics of an actor's responsibilities depend to a large extent on the kind of forum. So for example, with regards to legal accountability, Castiglione (2007), believes strongly that public officers should be held accountable for their conduct in line with the existing laws, rules and regulations that falls within the ambit of the court. On the other hand, issues relating to financial accountability should involve actors being accountable before a forum of an audit by conforming to financial principles that have been well established. Castiglione's analysis has enriched the researcher's understanding regarding the types of accountability. In this research, however, public accountability and organisational accountability are the main focus of this study.

To whom are they accountable? Again, Mulgan (2001) identifies three key stakeholders to whom accountability should be rendered. Firstly, public institutions and public officers could be held responsible for their financial reporting mechanisms and legal conformity to the courts, to the A-G's office and also to the general public. Secondly, they could also be held responsible with respect to their overall mandate and performance by the public, offices of the A-G or the

ombudsman. Bovens (2007a) contributes to the debate by suggesting that as a result of the numerous stakeholders that require information within a democratic system of government, at least five types of accountability forums could be in place. Firstly political accountability to politicians, citizens, public officials and ministers. Secondly legal accountability to the court of law. Thirdly accountability from an administrative perspective, refers to inspectors, controllers and auditors. Fourthly accountability from a professional perspective, means being accountable to professional peers and lastly being accountable to interest groups such as stakeholders and charity organisations is referred to as social accountability. Bovens (2007a) classification of the types of accountability forum has enriched the researcher's understanding of reporting procedures on accountability.

Why is the actor under obligation to submit an account? In line with this question, Bovens (2007a), identifies three types of accountability, namely: vertical, diagonal and horizontal accountability. Vertical accountability relates to one party having substantial power to apply sanctions on the other party. With this form of accountability, the link between the accountee and the accountor is grounded by a principal and agent association in which the agent is under obligation to account for his stewardship. Institutions of accountability such as the office of the A-G, Parliament and the Judiciary provide what is commonly termed horizontal accountability. The actor is under statutory obligation to submit an account to such horizontal institutions. Diagonal accountability on the other hand, seeks to engage citizens directly in the workings of horizontal accountability institutions. The rationale is to augment the limited effectiveness of civil society's watch dog function by breaking the state's monopoly over responsibility for official executive oversight.

2.3.5 The Need for Accountability in Developing Countries

Accountability is crucial for the efficient functioning of all governmental organisations in a democratically governed state. Unfortunately, Africa's institutions for enforcing accountability

are rated as low (Olowu, 1995). According to Olowu (1995), three key factors account for this. First, most African countries have generally made efforts to imitate the institutions existing in the former colonial metropolis, but sadly such imitations were rather imperfect. Second, the focus of African policy makers prior to the 1990s had been on how to build capacity rather than restrain corrupt African leaders. This point is crucial in explaining why the Financial Administration Courts in Ghana are not in effective operation up to date. The third aspect is the low level of civic education. Thus, many Africans are simply ignorant of the nature, capacities and relevance of the various modern political institutions and how to make them accountable.

Five key points explain the importance of accountability in the literature. First, accountability structures in the public sector serves as substitutes for market forces in non-market conditions. Thus they help to reflect the preferences of the public, by serving as a control device. Second, Olowu (1995) argues that accountability is closely related to the enjoyment of democratic life. According to him, the requirement that ministers be responsible and public servants be accountable is at the very root of democracy. Third, in relation to the aforementioned point, accountability is one of the five norms of good governance, the others being efficiency, transparency, rule of law and legitimacy. Fourth, interest in public sector accountability is also motivated by the widespread perception that public sector organisations are generally wasteful and also occasional news of large –scale “mega corruption”. For instance, news in Ghana about a corruption scandal involving one Alfred Agbesi Woyome led to a public outcry on the need to put in place accountability mechanisms or strengthen existing ones to check financial malfeasance. Fifth, in developing countries, the growing role of international actors in their governance and development has increased the demand for accountability. Such demands have been propelled by heavy dependence on developing countries for aid from donor agencies.

2.3.6 Accountability Constraints in Developing Countries

The concept of accountability has been evolving and broadening over the years from a rather narrow focus on financial record-keeping at the account level to a broader concept of integrated financial management and stewardship over the effective and efficient use of financial and other resources in all areas of government operations (Ihoya & Oyerinde, 2009). This is made vivid in the context of the United Kingdom Local Governments in respect of which, Jones (1984:4) states “the tax payers lacking the shareholders’ opportunity to opt out have a correspondingly greater interest in being assured that the money abstracted from their pockets have been administered with propriety and efficiency and without waste and extravagance”

The statement quoted above illustrates the premium placed on the concept and practice of accountability by the society in general. However, in spite of the obvious appeal of accountability in the welfare of countries, efforts towards the enhancement of accountability have frequently been thwarted in developing countries by a myriad of challenges. These challenges include among others, weak legislatures and audit systems, inadequate institutional reforms and the absence of appropriate constitutional environment to support these institutions. The above points are discussed below.

First, among the most important compliance mechanisms that requires urgent attention in most developing countries are the legislature, audit institutions and the judiciary (focus of this study). Many African legislatures are struggling to assert their independence and perform their roles in enhancing accountability. The most effective way of contributing to this is through the scrutiny and debate of bills as well as by vetting the audit reports on the performance of the executive. According to Olowu (1995), two reasons account for Africa’s weak legislatures. In the first place, there is usually a comfortable majority for the government in parliament, and party discipline is equally strong. Hence government bills are usually not really debated. The other reason is that African legislatures are still constrained by a number of legal and

infrastructural weaknesses that have not been seriously confronted, including the lack of training for legislators in respect of their responsibilities, laws that disable the legislature, and the absence of critical support mechanisms such as independent sources of information, libraries and research assistants. Placing emphasis on this point in respect of Tanzania, Mihyo (1994: 239), opines that “many African parliaments are weakened by the structural articulation in their national power structures, in which they feature as subordinate bodies. Some are prevented by statutory and constitutional restraints from playing a prominent role in policy formulation and evaluation. Others are dominated by government bureaucracies despite their constitutional powers and rights.” Thus African legislatures cannot serve as watchdogs if they are so dependent on the executive for everything, including transport, budget approval, information and administrative processes.

The second major constraint is weak audit systems in terms of both legal and political influence as well as technical capacity. For many developing countries, audit reports are five to ten years in arrears (Olowu, 1995). Thus without up-to-date audit reports, there is very little that a poorly resourced legislature can do in terms of promoting accountability. The weakness of the legislature also turns attention on the judiciary and judiciary-like institutions such as the Financial Administration Courts in Ghana. Though many developing countries are trying to rebuild their judicial system, there is still room for improvement. In Ethiopia, the judiciary is formally being separated from the Ministry of Justice (Olowu, 1995). However, in Ghana, numerous calls by various civil society organisations and think-tanks to separate the Ministry of Justice and that of the Attorney-General’s department have proved futile.

Third, with regard to institutional reform, most developing countries are making efforts towards improving the quality of governance through institutional reforms aimed at enhancing accountability and transparency. Nevertheless, current efforts are constrained by three critical problems. First, there are doubts about the genuineness of the support of Africa’s political

executives for strengthening these institutions, especially for ensuring that they become independent and self-accounting institutions. This is due to the fact that many African leaders have become accustomed to the patrimonial style of governance (Olowu, 1995). Second, there is the problem of having to pay for the high cost of building and nurturing these institutions, not only in financial terms but also in terms of the required administrative and technical capacity.

The fourth major constraint is the challenge of developing an appropriate constitutional environment that supports these types of institutions. The constitutional environment that supports the development of institutions of accountability is a polycentric one. According to Olowu (1995), a polycentric governance model recognizes the existence of alternative centres of power and cultivates them, providing them with competence to make binding decisions and to compete and collaborate with other centres of power in the polity. Olowu further asserts that such institutions would include vibrant medium and small-scale private sector organisations, effective local governments that are accountable to the people rather than to the central government, and independent and competent legislatures, judiciaries and civil services. Unfortunately, many developing countries, including those regarded as “democratizing”, seem wedded to the monocentric political model. Olowu (1995) further classifies developing countries along the continuum of mono/polycentrism in three major clusters. The first group includes countries such as Botswana, Mauritius and South Africa. These are countries that have made bold efforts along the path of polycentrism, but need to do more. The second group are those moving in the right direction, but have to be resolute in their efforts. Examples of these countries include Ghana, Benin, Malawi, Mali and Uganda. The third group comprises countries that have remained essentially monocentric, either because they are under military rule or because the ruling party is intolerant of alternative centres of power.

2.4 Public Financial Management and Accountability

Even though financial management and financial accountability are often associated, the latter is just one aspect of the accountability structure. It is worth noting that good governance, development and accountability hinges on a sound fiscal management system. PFM is thus linked to fiscal policy management, that deals with revenue and expenditure management. Its key objective is that public officials who have been entrusted with public funds should account for its usage with supporting documents such as pay-in-slips, receipts, vouchers and invoices that may serve as proof of disbursement of such funds. These transactions are in tandem with the notion of financial accountability. According to Simson (2011), public financial management encompasses all governmental activities, that includes the mobilisation of revenue; the allocation of these funds to various activities; expenditure; and accounting for spent funds.

According to Fourie (2006), PFM should cover all finances appropriated to render particular public goods and services, as well as transactions where financial value is most beneficial. He further asserts that practices in relation to favouritism, insider trading and wanton abuse of power to a large extent impacts negatively on good governance and PFM, in the same way as financial misappropriation and embezzlement. Effective public financial management therefore serves as a catalyst in preventing the misuse of public resources. PFM can therefore be strengthened when sound financial accountability processes have been put in place. Sound financial accountability is necessary for the following reasons. First, the government is entrusted with the tax payers' money and therefore the general public expects maximum use of it (Pauw et al., 2002). Second, since assets are exhaustible, public financial management serves as a catalyst to direct their efficient use. Considering the numerous and insatiable socio-economic demands by the public, in addition to the problems of inflation, poverty and unemployment that ultimately results in resource constraints, public financial accountability

becomes the most imperative means to ensure the prudent utilisation of resources. Third, public officials in Ghana manage budgets running into billions of Ghana cedis. To ensure financial discipline and fiscal responsibility, there is the need to put in place control mechanisms. One such control mechanism is for auditors (internal and external auditors) to examine the records of organisations to find out whether resources have been used economically, effectively and efficiently.

According to the ADB Report (2005), as a result of serious weaknesses in budget preparation and execution, most countries in African have had problems with the management of public expenditure. The report further notes that poor budget performance in Africa could be attributed to the following factors: (a) impractical projections of revenue; (b) bad estimation of items of expenditure; (c) inappropriate controls on expenditure; (d) Fiscal indiscipline (ADB, 2005). The consequence of these poor PFM practices is the high stock of external debt that places severe restraints on investments and sustained growth in Africa.

2.4.1 Public Financial Management (PFM) in Africa

Regarding the literature on PFM in Africa, three key thematic themes are identified. First, is the notion that budgets are made better than they are presented (Andrews, 2010). The implication is that African countries tend to have their budget preparation processes comparatively stronger than their budget execution and oversight processes. In PFM jargon, this trend is commonly referred to as “upstream processes are stronger than downstream processes”. Secondly, African public financial management systems mostly suffer from an implementation deficit (Andrews, 2010). That is to say, though laws and processes may be in place, nonetheless they hardly ever affect actual behaviour. In other words, legislation and procedures have been improved, but implementation has not yet been achieved (Andrews, 2010). Thirdly, African PFM systems tend to suggest that processes are stronger when narrower, concentrated sets of actors are involved in implementation, while processes are

weaker where they involve multiple players, especially outside of central PFM entities like the budget department (Andrews, 2010). Andrews' studies on PFM in Africa are consistent with the findings of this work.

Peterson (2011) on the other hand, presents a framework for understanding PFM reforms in Africa, using Ethiopia as a case study. According to Peterson (2011: 1), "reforms succeed when they are aligned with four drivers of public sector reform, context, ownership, purpose and strategy." Context could be classified from a macro, mid and micro level perspectives. The macro-level delves into the political, social and economic conditions prevailing in a country. The mid-level refers to the administrative structure, bureaucratic culture and legacy procedures within the system, while the micro-level considers the necessary conditions such as trust, need, help and urgency that must prevail. With regards to ownership, Peterson (2011) makes a distinction between two groups of people namely shareholders and agents of reform. The agents of reform are classified as saints, demons and wizards. Purpose, which is the third driver of public sector reform, should focus on policies. Peterson (2011) argues that PFM reform was successful in Ethiopia because the government stuck to the domestic conditions and policies unique to Ethiopia instead of adopting foreign policies. Finally, Peterson (2011), contends that for the reform processes to be successful, there was a need for a strategy to be put in place. He identified four key systematic variables (recognize, improve, change, sustain) that enhances effective strategy. Peterson's work is useful for the reason that it enhances our understanding of PFM reforms in Ghana, the next subject of discussion in this study.

2.4.2 PFM Reforms in Ghana

A study by Betley, Bird and Ghartey (2012) with regards to an evaluation of public financial management reform in Ghana from 2001 to 2010 revealed that public financial management reform over the period had been largely disappointing. This was as a result of poor budget credibility, a build-up of expenditure arrears and the non-compliance with expenditure control.

However, the study also states that the most substantial progress in PFM reforms was found in a stronger legislative base. This assertion concurs with the findings of this study. In recent times, however, Ghana has made some progress with Public Financial Management Reforms in the last two decades (Government of Ghana, 2014). According to the report, key PFM reform initiatives implemented within the period include:

The Public Financial Management Reform Programme (PUFMARP), from 1997-2003; Government of Ghana's (GoG) Short and Medium Term Action Plans (ST/MTAP), covering 2006-2009; the Budget and Public Expenditure Management System (BPEMS) from 2003 – 2007, which was re-packaged into the Ghana Integrated Financial Management Information System (GIFMIS) project from 2010 – to date and the integration of the erstwhile Revenue Agencies into the Ghana Revenue Authority (GRA). Other PFM initiatives include the introduction of the UN Classification of Functions of Government (COFOG) functionality in budget classifications, the adoption of the new Government Finance Statistics (GFSM, 2001), the introduction of elements of a Medium Term Expenditure Framework (MTEF) as well as the recent migration from Activity Based Budgeting to Programme Based Budgeting (Government of Ghana, 2014).

In spite of the progress made in these reform initiatives, the PFM process continues to experience some setbacks. For example, the “Public Expenditure and Financial Accountability (PEFA) reviews (2006, 2009 and 2012), the External Review of Public Finance Management (ERPFM) 2009, the recently concluded MMDA PFM study, and audit reports of both the Ghana Audit Service (GAS) and other external auditors detailing the PFM status of the country have revealed major shortfalls and gaps in the current structures at both the central and sub-national levels” (Government of Ghana, 2014: 6). Three major shortfalls have been identified in the report. First, the problem of budget credibility and predictability. Second, the control in budget execution and thirdly, issues regarding external scrutiny.

“Specific challenges to the PFM reform agenda in Ghana also include weak budget formulation and implementation, weak monitoring and evaluation of the use of financial resources, inadequate data generation and dissemination, inadequate flow of information between the Bank of Ghana (BoG), the Ministry of Finance (MOF) and the Controller and Accountant General's Department (CAGD) as well as deficiencies in accounting and auditing, especially internal auditing” (Government of Ghana, 2014:7). The above challenges in Ghana’s PFM process has resulted in the preparation of a Public Financial Management Reform Strategy (2015-2018) by the executive arm of government. The Public Financial Management Reform Strategy (PFMRS) document serves as a National strategic document to guide the development of Ghana’s PFM programmes. The goal is to establish efficient, transparent and accountable resource mobilization, allocation, management and use of fiscal resources to meet Ghana’s development priorities and commitments under the medium term development policy framework (Government of Ghana, 2014). The document captures six main objectives:

First, to achieve budget credibility by addressing weaknesses in the present PFM institutional structure that have been identified and to achieve sustainable macro-fiscal discipline, reliable revenue forecasts and controlled expenditure. Second, to enhance comprehensiveness and transparency in PFM by including all receipts and spending of general government in the PFM budgeting, accounting and reporting process by building on the IT infrastructure that has been put in place. Third, to improve the Ministries, Departments and Agencies (MDAs) and sectorial management by developing the Programme Based Budgeting (PBB) system and establishing program appropriation, organization and management in all MDAs as a central part of fiscal policy and decision-making. Fourth, to improve control, predictability, accounting and reporting of budget execution by improving efficiency and effectiveness of warrant release in relation to cash forecasts and accounting and reporting to Parliament and the public. Fifth, to strengthen Treasury/Cash Management by consolidating the development of the TSA--and

utilizing the Ghana Integrated Financial Management Information System (GIFMIS) cash management functionality effectively. Finally, to enhance auditing and risk management by strengthening internal and external audit and parliamentary review, establishing risk management review and reporting across government and the public sector (focus of the study) and establishing risk assessment as part of the annual and medium-term budget processes.

Basically, two important outcomes are expected from this PFM strategy. First, an effective implementation would enhance the establishment of fiscal discipline and predictable budget revenue and expenditure out-turns close to budget estimates. Second, PFM strategy is expected to progressively improve the budget deficit position as measures are set up to reduce, and eventually eliminate the build-up of expenditure arrears. Finally, it must be emphasised that these PFM reform strategies can only be accomplished if bureaucrats are very committed to its implementation, as well as the political will of the executive (politicians)

2.4.3 Public Financial Accountability

A key prerequisite for effective public financial accountability (PFA) is the timely availability of reliable data. Data required for financial accountability purposes are thus classified into two parts: the production of fiscal and financial data, along an agreed and uniform classification, and the regular reporting of the financial data (Schiavo-Campo, 2013). This study does not delve into the production of fiscal and financial data, but rather relies on the regular reporting of financial data by the A-G. According to Cook (2004), PFA also tends to be effective when governments improve their public financial management accountability (PFMA) systems and control networks by modifying the relationship between government bodies both horizontally and vertically, with a strong call to motivate government departments to work together in order to achieve the desired results set by politicians (Cook, 2004).

A study by the United Nations Economic Commission for Africa (UNECA, 2005), identified four critical areas in which public financial accountability and transparency could be assessed in Africa. First is the clarity of roles and responsibilities of officials; public availability of information; Open budget preparation, execution and reporting; and finally an independent assurances of integrity. The study concludes that in line with the factors mentioned above, Africa is making progress towards effective financial accountability. Yet, another study by Tsheletsane (2014) on South Africa reveals that effective PFA practices are being held up in South Africa as a result of the high turnover rate of accounting officers and of parliamentary committees such as the Standing Committee on Public Accounts (SCOPA), and a lack of political will.

Basheka and Phago (2004) contribute to the literature on PFA by examining five major obstacles to effective public financial accountability in African democracies. These are public finance as a political process; parameters for open and orderly public finance management dispensation (spread across the three branches or spheres of government); the impact on socioeconomic costs and benefits of revenue collection and expenditure; the complexity of public finance with its interrelated subsystems; and poorly organized citizenry and weak civil society organizations which cannot demand accountability. They argue that the key to resolving these obstacles hinges on the need for transparency in all governmental financial operations.

Ofori-Mensah (2011), argues that Ghana has a poor record in the area of public financial accountability and raises serious doubts about the ability of government revenues to be used effectively. He asserts that one of the key problems hindering effective public financial accountability in Ghana is the limited capacity of Parliament, and in particular its PAC to effectively prosecute its oversight role. This study is an extension of Ofori-Mensah's work. Apart from the PAC, the study examines two other horizontal accountability institutions

(Office of the A-G and the FAC) and their role in enhancing effective public financial accountability.

Amo-Yartey (2014), on the other hand, identifies four key reforms as the antidote to effective fiscal rules in Ghana. The first aspect is the strengthening of budget preparation, apportionment and execution. The second aspect is the establishment of an independent fiscal policy council to provide independent assessment of macroeconomic and revenue forecast. The third aspect focused on putting in place monitoring and enforcement procedures. Finally, the reform should focus on ensuring legislative changes to make the fiscal rule legally binding. The proposition of Amo-Yartey (2014) has enriched the researcher's understanding about public financial accountability in Ghana.

2.5 Role of Civil Society Organisations (CSOs) in PFA

Effective CSOs tend to contribute enormously towards the enhancement of public financial accountability and good governance. CSOs may be placed under different categories namely, Non-Governmental Organisations (NGOs), Religious, Charitable and Community-based organisations, student, youth and interest groups, professional associations and think-tanks. The key role of most think-tanks relates to policy making and its implementation. To ensure that policy formulation is in the right direction, think-tanks are expected to collate the views of all stakeholders; aggregate them, assist in setting the agenda, while at the same time pressing for amendments and improvements in existing legislation or new policies from the executive arm of government. Effective CSOs also tend to monitor government actions and inactions closely. They also spearhead actions against financial malfeasance and abuse of power by public officers. This task is usually accomplished by building partnerships against bad governance and publishing information with regards to bribery and corruption. In Ghana CSOs and Pressure Groups also monitor and spearhead government actions by working hand-in hand with governmental agencies that have been set up to check corruption. CSOs and Pressure

groups such as the Institute of Economic Affairs (IEA), the Ghana Center for Democratic Development (CDD), the Institute for Democratic Governance (IDEG), Ghana Integrity Initiative (GII), Ghana Anti-corruption Coalition (GACC), Send-Ghana and Occupy Ghana, among others, serve as watchdogs that monitor governmental activities. For instance, the IEA and CDD have been very instrumental in the fight against the “winner takes all” system of government under the Fourth Republic. The IEA has also championed the decoupling of the Ministry of Justice and the Attorney-General’s Department. Occupy-Ghana has pressed and won a court case that compels the Auditor-General to apply its constitutional mandate of surcharging public officials who violate PFM laws. According to Kakumba (2008), CSOs can function effectively and enhance sound public financial accountability and good governance under the following conditions;

- (1) Strong will power from the State and its actors, grounded on a robust democratic foundation;
- (2) Suitable Constitutional-legal and Institutional structures that enhances participation, mobilisation of wealth and accessibility to information;
- (3) Strong and active headship whose decisions and actions are directed by the values of integrity, probity and accountability;
- (4) Civic competence, with citizens enunciating popular interest and facilitating participation; and
- (5) Stable financial resource base that enhances organisational independence with little or no funding conditionality. Nonetheless, numerous setbacks and intrinsic challenges in CSOs tend to undermine their pursuit for sound public financial accountability and good governance.

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CHAPTER THREE

THEORETICAL FRAMEWORK AND RESEARCH QUESTIONS

3.1 Introduction

The theoretical frameworks guiding this study are the agency and stewardship theories. According to Whetten (1989), three key elements should be embedded in all theories. These elements are: “the what, how and why”. In his view, ‘the what’ tends to give details about the general phenomenon and other related factors in a comprehensive manner. On the other hand, ‘the how’ best defines the connection among the factors. In the same vein, ‘the why’ clarifies the objectives underpinning the chosen factors and its anticipated relationships (Reay & Whetten, 2011; Whetten, 1989).

The agency and stewardship theories have been used by scholars to explain the concept of accountability. Both theories predict enhanced institutional performance, but sharply diverge on behavioural expectations and structural set-ups. The agency theory is a supposition that explains the relationship between principals and agents in an institution. The agent’s behaviour is centred on personal interest and does not align with the principal’s interest. Therefore, institutional frameworks are put in place to control and monitor agents opportunistic behaviour, in order to ensure goal congruence between the principal and agent.

Stewardship theory on the other hand, is based on the assumption that stewards are not self-seeking. The steward’s values are geared towards rendering effective services in the organisation in line with the owner’s interest. Institutional systems have been put in place purposely to empower stewards, and to facilitate goal congruence. Research has shown that both theories are applicable in the context of public sector accounting. The researcher thus intertwines components of agency and stewardship perspectives to support the study.

3.2 Theoretical Base

Peters (1995: 289) perceives that issues with regards to accountability could be discussed under two schools of thought. One school postulates that accountability is “an inward sense of a person’s obligation”. The above statement suggests that public officials have moral standards and are guided by professional values in the performance of their duties (foundation of stewardship theory). The proponent of this school of thought is Carl Fredrich (cited in Plant, 2011). Finer (1941), is the proponent of the second school of thought. This school postulates that personal values and commitment are not sufficient to ensure responsible behaviour. Therefore, there is the need to engage some external forces in order to enforce responsible behaviour (basis for agency theory). The argument is based on the premise that since ethical values alone cannot guarantee accountability, constitutional-legal laws should be in place to punish wrongdoers. Similarly, outstanding performance by public officials should be rewarded (Peters, 1995). In sum, Finer argues for internal and external control systems to improve accountability.

This work hinges on the two schools of thought that throws a searchlight on the theoretical framework applied in this study. The schools of thought also activate the discussions on whether the establishment of independent oversight institutions per se enhances accountability or whether some measures such as an effective constitutional-legal framework should be enacted before the system can make any major impact in promoting accountability.

Muthien (2000) further enriched the debate by arguing that there is enough evidence to suggest that the use of excessive control in public institutions would not guarantee efficiency, effectiveness and value for money, but may instead constrain efficiency. This point of argument is in line with Oluwu’s (2003) belief that though internal horizontal controls play a crucial role in enhancing accountability, they could still be flouted, thus failing to safeguard good governance, unless they are subjected to suitable external oversight institutions. This school of

thought buttresses the idea that independent oversight institutions play a crucial role in the enhancement of public financial accountability.

3.3 Agency Theory

This study discusses the Agency and Stewardship theories by applying Whetten's (1989) theoretical elements of what, how and why.

What: Generally, agency theory places key emphasis on two parties with regards to their relationship. They are the principal and the agent or manager (Jensen & Meckling, 1976; Eisenhardt, 1989). From a broader perspective, the relationships between the two parties are assessed from a behavioural and a structural viewpoint. The agency theory tends to suggest that agents, when given an opportunity will act in a self-seeking way which may be contrary to the owner's interest (Jensen and Meckling, 1976; Eisenhardt, 1989; Chrisman et al., 2004). In an effort to check such behaviour, principals will put in place institutional frameworks that would serve as a check on the agent in order to control such cunning behaviour and bring into line both actors' interest (Cruz et al., 2010; Eisenhardt, 1989).

How: The agency theory places emphasis on economy, efficiency, effectiveness and value for money as the yard stick for ensuring institutional performance. (Corbetta & Salvato, 2004; Fama, 1980). The theory suggests that there is a major problem due to the separation between the ownership and management of an institution. Agency costs are suffered in an effort to lessen such problems (Eisenhardt, 1989; Jensen & Meckling, 1976; Lee & O'Neill, 2003; Wasserman, 2006). Thus the major component of the agency theory lies in the separation of ownership and management. According to Ross (1973), the principal employs the agent, and it is anticipated that the agent would act in the best interest of the principal. An agency problem becomes inevitable as a result of two key issues. First, there is no goal congruence with regards to the principal's interest and that of the agent. Second, there is information asymmetry because the

principal does not have the necessary information to precisely evaluate the behaviour of the agent (Eisenhardt, 1989; Lee & O'Neill, 2003; Ross, 1973). Agency problems may also be attributed to adverse selection. Adverse selection occurs when the agent is incompetent and lacks the ability to perform competently within the scope of his fiduciary duties. (Fama, 1980; Eisenhardt, 1989; Schulze et al., 2001).

According to Eisenhardt (1989), the principal may reduce the agency problem in two ways. First, in an effort to check the opportunistic behaviour of the agent, the principal should create an institutional framework that enhances monitoring and evaluation of the real behaviour of the agent (Chrisman et al., 2007; Anderson & Reeb, 2004). Such institutional framework according to Donaldson and Davis (1991) should include inter alia, reporting measures, additional supervision and a board of directors. Second, is the creation of a governance structure whereby the agreement would be subject to the outcome of the agent's performance (Eisenhardt, 1989). Chrisman (2007), suggests that, for instance, a structural mechanism could be compensation incentive pay. In this direction, salary as an incentive would be linked to high performance. This act would shift the risk burden to the agent, necessitating the interests of the agent's behaviour to be in line with the owner's interest (Eisenhardt, 1989). In effect, the principal has the option of choosing between establishing institutional frameworks that falls in line with the agent's actual behaviour or the outcome of the agent's behaviour (Eisenhardt, 1989). Whichever option is undertaken by the principal would incur an agency cost. According to Jensen and Meckling (1976), this is the cost borne to evaluate the agent's behaviour.

Why: The agency theory assumes the economic model of man (Jensen & Meckling, 1976; Eisenhardt, 1989; Davis et al., 1997). This implies that human beings are rational and self-centred and will seek to maximise resources to their benefit. However, in the principal-agent association, the agent is under obligation to maximise the principal's resources (Ross, 1973). Nonetheless, the theory tends to assume that agents would rather behave opportunistically due

to their egotistic interest. In an effort to curb such behaviour, the principal puts in place devices that would minimise his losses (Ross, 1973; Jensen & Meckling, 1976; Eisenhardt, 1989; Davis et al., 1997).

3.4 Stewardship Theory

What: The theory delves into the service relationship between the owner (principal) and the manager or steward (Donaldson & Davis, 1991; Davis et al., 1997). In a similar manner, it also assess the relationship from both behavioural and structural viewpoints. The theory tends to suggest that stewards will act in a social way, behaviour that is geared towards the interest of the principal and by implication, the organisation (Zahra et al., 2008; Davis et al., 1997). Such behaviour is developed by the excellent relationship that exists between the principal and steward, as well as the environmental impact and principles of the organisation (Davis et al., 1997; Corbetta & Salvato, 2004).

How: The theory focuses on utility maximisation by the firms. In this vein, the anticipated outcome of the stewardship theory is profitability (Tosi et al., 2003; Davis et al., 1997). The theory suggests that profits would be maximised on condition that, the owner and steward in the employment contract choose to act as stewards (Davis et al., 1997). The key notion that underpins the theory is the notion that the principal-steward contract is grounded on choice. Consequently, if the two parties behave like stewards, while placing the principal's interest first, a positive impact is anticipated with regards to organisational performance due to goal congruence (Davis et al., 1997; Eddleston & Kellermanns, 2007).

Psychological and situational factors accounts for the stewardship behaviour (Davis et al., 1997; Corbetta & Salvato, 2004; Vallejo, 2009). Psychological factors in terms of recognition, intrinsic motivation and power could influence the behavioural choice to stewardship (Zahra et al., 2008; Davis et al., 1997). According to Ryan and Deci (2000), intrinsic motivation is

within the individual and provides satisfaction (Ryan & Deci, 2000). Moreover, intrinsic motivation provides a mental characteristic of the theory since steward managers are driven by intangible, higher order rewards (Lee & O'Neill, 2003; Davis et al., 1997). This implies that those with high levels of recognition within the organisation will be prone to stewardship due to their strong affiliation towards the organisation (Zahra et al., 2008; Lee & O'Neill, 2003; Vallejo, 2009). According to Davis (1997), power that is subject to interpersonal relationships, tends to improve over a period of time. This has the tendency of influencing and empowering steward managers. In sum, psychological factors improve the choice of stewardship that eventually impacts on institutional performance positively.

On the other hand, situational factors portray the organisational structure, including management's culture and philosophy (Donaldson & Davis, 1991; Davis et al., 1997; Craig & Dibrell, 2006). The theory tends to suggest that involvement - oriented, socialists and culture based on a low power distance, have an impact on the choice of stewardship behaviour (Davis et al., 1997). The philosophy of management that is based on participation, portrays an environment where workers are entrusted with tasks, responsibilities and opportunities (Vallejo, 2009; Eddleston et al., 2012). In the same way, organisations that are branded by collectivism, ensures that collective goals takes precedence over individual goals, since the emphasis is on a sense of belonging, recognition and showing allegiance due to the tight-knit social structure existing within an organisation (Davis et al., 1997). A Low power distance culture, refers to a setting where parity is perceived between different levels of the organisational chain of command (Davis et al, 1997). An institutional arrangement that embraces and impacts on the choice of stewardship behaviour aids in facilitating excellent performance for the organisation.

Why: According to Donaldson and Davis (1991), the theory is based on the humanistic model. The theory is founded on the assumption that human beings are influenced by needs at the

higher order level (Davis et al., 1997). Thus, regarding the principal-steward relationship, the steward is under obligation to put the welfare of the principal ahead of self-fish interests (Davis et al., 1997; Corbetta & Salvato, 2004; Zahra et al., 2008; Davis et al., 2010). The owner is also responsible for the creation of an organisational structure where these stewardship behaviours would prevail. In sum, a stewardship arrangement can be seen as collectivistic and supportive, ensuing the maximisation of resources for the organisation (Davis et al., 1997).

3.5 Assessment of the Theories

Whetten (1989), proposed the indispensable theoretical elements of what, how, and why. This proposal addresses both agency and stewardship theories. First, both theories attempt to address the 'what' issue. Both theories are centred on the principal-manager engagement relationship. The theories also refer to the behaviour patterns of the actors involved, as well as the structures of the organisation. Similarly, the two theories aim at addressing the same outcome, which is organisational performance (Fama & Jensen, 1983; Davis et al., 1997; Tosi et al., 2003). Nevertheless, the theories are different with regards to the 'how and why'. For instance, the agency theory argues that enhanced performance is due to the principal putting in place governance structures to control the self-centred behaviour of the agent, built on the presumed model of man on an economic basis; while, stewardship theory proposes that enhanced performance is the outcome of the principal championing an institutional structure that encourages pro-organisational behaviour of the steward, centred around the presumed model of man on a humanistic basis.

3.6 Critique of the Agency and Stewardship Theories

It has been widely argued by scholars that agency theory relies on reductionist assumptions regarding human nature. In the same vein, the assumptions of human nature under the stewardship theory is rather too simplistic. The agency theory postulates that each person acts with some degree of selfishness, whereas stewardship theory is based on the premises that each person acts within some degree of altruism. These assumptions implies that it is difficult to find a single person that acts like a steward within the Agency theory or a single person that acts like an agent within the Stewardship theory.

As Podrug (2010) rightly states, paradigms with negative perceptions such as the agency theory encounters numerous difficulties in the theoretical assumptions and empirical confirmation.

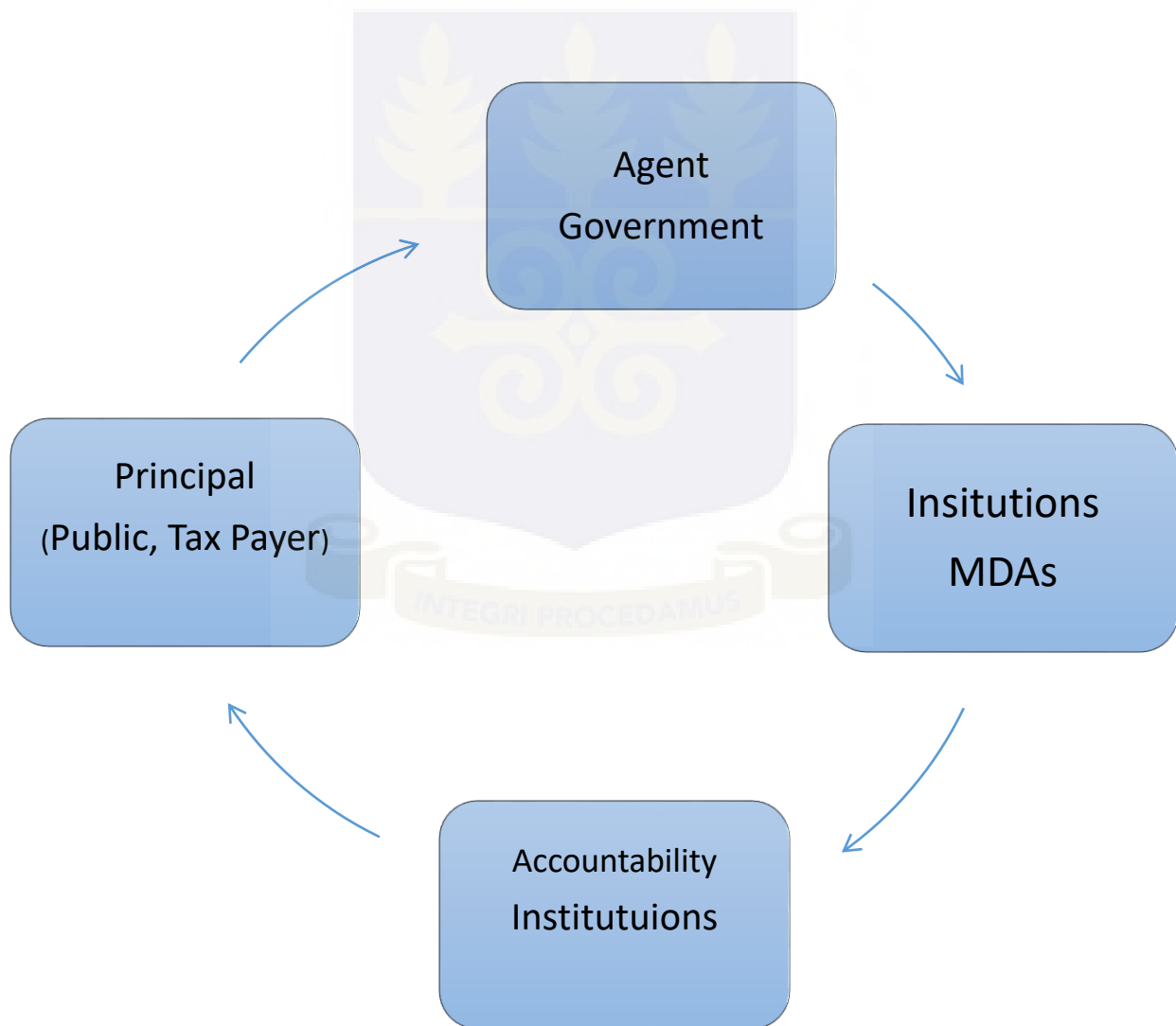
3.7 Applying the Theories to the Context of the Study

Public financial accountability is ensuring that all public officers and organisations as trustees of public funds properly account for the utilisation or management of these funds to their owners (tax payer). This study delves into public financial accountability in Ghana and independent oversight institutions namely; the office of the Auditor-General, Parliament's public accounts committee and the financial administration courts.

In the context of this study, the public or more specifically the tax payer is the owner of all the resources available to government. The tax payer is therefore the principal in this study. The principal elects their representatives (government) who ought to act in the best interest of the tax payer. The government thus serves as an agent to the principal. The government entrusts the agency role into the hands of established institutions (MDAs etc.) to effectively manage public finance. Moreover, the accountability institutions (A-G, PAC and FAC) performs two key roles. First, they are used as mediums to check the opportunistic behaviour of the agents (MDAs). This task is accomplished by auditing the accounts of the MDAs, inviting public

officials (account holders and spending officers) periodically before the PAC to render an account of their stewardship, while applying sanctions to public officials who have been found guilty of financial malfeasance. Second, the accountability institutions (A-G and PAC) reports the outcome of its auditing and oversight responsibilities to the principal (tax payer) by presenting the Auditor-General's report to Parliament. The Principal-Agent relationship in line with this study is depicted in figure 3.1

Figure 3.1 Public Financial Accountability Cycle



Source: Author's Construct

As previously discussed, the agency theory is of the view that agents are opportunistic and would act in a self-selfish way that might be detrimental to the principal's welfare (Jensen & Meckling, 1976; Eisenhardt, 1989; Chrisman et al., 2004). In line with this assumption, this study seeks to ascertain what accounts for the financial malpractices among some public officials within the public sector. The agency theory further postulates that in an effort to check the agent's behaviour, principals will put in place constitutional-legal frameworks that checks the agent in order to control such self-centred behaviour and bring into line the actors' welfare (Fama & Jensen, 1983; Eisenhardt, 1989; Cruz et al., 2010). The structural mechanisms enacted in this study to control the opportunistic behaviour of some public officials are Parliament's public accounts committee, the office of the Auditor-General and the Financial Administration Courts.

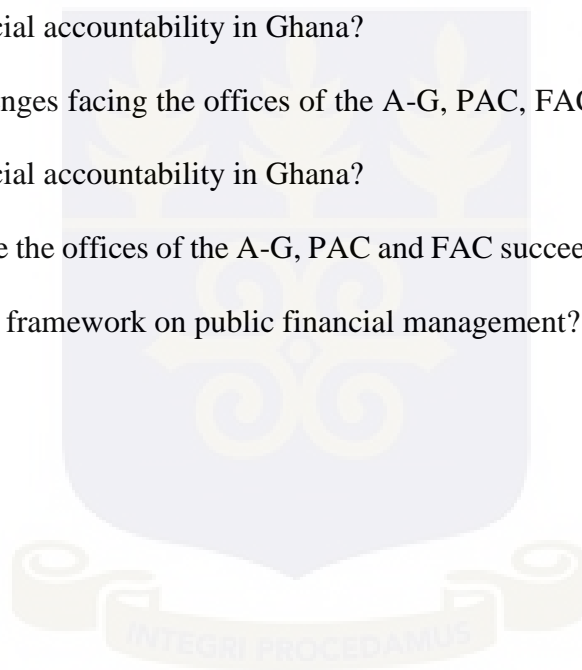
Another key component of the agency theory relevant to this study has to do with the agency problem, spelt out within the theory. The theory assumes that agency problems may be related to adverse selection. The term refers to the probable incompetence of the agent to expertly act within the contractual agreement (Fama, 1980; Eisenhardt, 1989; Schulze et al., 2001). In a similar vein, this work seeks to inquire into issues relating to financial errors and irregularities, as well as the misapplication of constitutional-legal statutory regulations.

In a similar manner, the stewardship theory explores the linkage between two actors, the principal (taxpayer) and the steward (public officials) from a behavioural and structural viewpoint. The theory assumes stewards would act in a way that serves the interest of the principal as a result of the good relationship that exists between the two parties. The principal will also create a constitutional-legal framework that enhances stewardship behaviour. This could mean the absence of external oversight institutions that would enforce responsible behaviour. Apart from its theoretical underpinnings, the agency and stewardship theories throw a searchlight on organisational behaviour.

3.8 Research Questions

The employment of the tools of agency and stewardship theories will enable us address certain fundamental questions pertaining to this study:

1. Does the Ghanaian constitutional-legal framework for PFM enhance the design and implementation of sound public financial accountability?
2. Does the office of the A-G, PAC and FAC have the institutional capacity to monitor and control public finance resources?
3. To what extent does the office of the A-G, PAC, FAC, and CSOs collaborate to ensure sound public financial accountability in Ghana?
4. What are the challenges facing the offices of the A-G, PAC, FAC, and CSOs in ensuring sound public financial accountability in Ghana?
5. To what extent have the offices of the A-G, PAC and FAC succeeded in implementing the constitutional-legal framework on public financial management?



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CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

Research should usually be built on philosophical and theoretical foundations. A well-researched study hinges on a well organised research methodology that allows the researcher the medium to remain focused while at the same time finding crucial answers to the questions under investigation, and possibly to discover new perspectives or findings. Thus the methodological choices made in this study are intended to assist in finding answers to the problem of lack of financial accountability from the public sector in Ghana. According to Silverman (2013), methodology refers to the choices researchers make about cases to study, the methods of data gathering, and the forms of analysis in planning and executing a research study. The research methodology discussed in this work covers the philosophical or worldview assumptions underpinning the study, the research design and the processes embarked upon for the data collection, analysis and interpretation. Ethical issues and challenges associated with the fieldwork were discussed as well.

4.1.1 Philosophical Assumptions

Research is usually underpinned by a certain set of beliefs as well as philosophical assumptions. Therefore, when researchers undertake a qualitative study, they are in effect agreeing to its underlying philosophical assumptions, while bringing to the study their own world views that end up shaping the direction of their research. Creswell (2012), describes four philosophical assumptions and frames them into interpretative frameworks to enhance our understanding. Ontological assumptions about the nature of reality (Denzin & Lincoln, 1998; Gaffikin, 2008; Bisman, 2010; Creswell, 2012) relates to the nature of reality and its characteristics. This implies that in the course of research, researchers should embrace the idea of multiple realities

and report on these multiple realities by exploring multiple forms of evidence from different individuals' perspectives and experiences.

According to Grix (2004), the methodological approach that a researcher employs in the acquisition of knowledge, the procedure used to acquire the knowledge and the sources from which the researcher collects the data all have a directional relationship with the ontological and epistemological assumptions that informs the researcher about the world. He thus identifies three broad ontological paradigms; the positivist, post-positivist and interpretivist. It is significant to note, however, that the positivist and interpretivist positions have influenced the conduct of social research over the years (Bryman, 2004). Positivism is based on the ontological assumption that the "real world" exists without we the people knowing about it. It further states that social phenomenon is something that is revealed to us, rather than being constructed by us (Miller & Brewer, 2003; Grix, 2004).

Positivist ontological assumptions are grounded on the premise that "scientific knowledge" can be achieved, since in their opinion one can uncover knowledge that is fixed through thorough research (Descombe, 2002). The core characteristics of the positivists discovering the single methodology is based on the belief that the methods, concepts, procedures and practices applied by the natural sciences in their study, can and should be adopted in the study of the world (Miller & Brewer, 2003; Bryman, 2004). Gaffikin (2008) on the other hand, opined that ontological assumptions fall under two groups, non-realist and realist ontology. Realist ontology is based on the view that human observers and the world exists independently. On the other hand, non-realist ontology believe in the social construction of the objects around us.

This study is guided by non-realist perspectives. Creswell (1998), in exploring non-realist ontology, specified that reality is built by people involved in the political settings of the community. Ontologically, this study assumes that public sector financial accountability is

socially built by actors. This is due to the fact that the task of financial reporting from the Auditor-General's (A-G) office to the Public Accounts Committee (PAC) of Parliament can be perceived as a reality or social product that results from human interaction, creativity and symbolic interaction created by actors when conducting research (Berger & Luckmann, 1967; Burrell & Morgan, 1979). This work discusses three philosophical assumptions that underpin research. According to Gaffikin (2008), there should be consistency among the philosophical assumptions for effective research. The philosophical foundations employed in this work influenced the gathering and interpretation of data collected.

First, the epistemological assumptions about what can be known. In other words, how is knowledge derived (Denzin & Lincoln, 1998; Gaffikin, 2008; Bisman, 2010; Creswell 2012) or how do researchers know what they know? This could be achieved by researchers getting very close to participants being studied. As a result of this, subjective evidence was assembled based on individual views from research conducted in the field. The epistemological assumption in relation to positivist thinking is that knowledge of the reality consists of only what is externally observed by using our senses (Miller & Bryman, 2003; Grix, 2004). The positivists are able to demonstrate the causal relationships that exist within the social world, just as there are in the natural world. The positivists employ scientific methods in analysing social phenomenon, laying emphasis on observational and verification dimensions of empirical practice. Social scientist are thus in a position to establish relationships that exist between social phenomenon by using theory to generate hypothesis, that can be tested through the use of observation. Data collected from a positivist perspective are referred to as "hard" suggesting that such data are neutral and not tempered by the researcher's own interpretation (Grix, 2004). According to Miller & Bryman (2003), data derived from a positivist approach tends to be numerate, measurable and describes social life using numbers. Data collection procedures such as close ended questions in survey and questionnaires are appropriate for collecting numerical

data to make social science research objective. On the contrary, interpretivist are of the view that the world does not exist independently of our knowledge of it (Grix, 2004). In their opinion, reality can best be understood through people's interpretative capacities rather than of the mere sensory observations and experiences of the world. The interpretivist seeks to understand society, people's behaviour and their perception on social issues, while attaching importance to meaning provided in the study of social life. In this direction, language is used in the construction of the "reality" (Grix, 2004; Bryman, 2003).

According to Johnson and Onwuegbuzie (2004), interpretivists obtain for their research through the interpretations they are provided with by people concerning their situation, actions and experiences in their life-world. The data obtained are known as soft data. They are usually verbal and seek to describe social life via the use of words. Primary data collection techniques employed includes in-depth interviews, semi-structured interviews, participant observation, documents, audio-visual materials, photograph and life history (Bryman, 2004; Creswell, 2003). As already mentioned, this work adopts a social-constructionist approach as its ontological assumption. Therefore this assumption should be aligned with the epistemological assumption. The general epistemological assumptions about qualitative research are consistent with this study, which *inter alia* argues that the practice of financial accountability reporting is a socially-constructed reality. Guba and Lincoln (1988) have observed that the epistemological assumptions of qualitative research necessitates researchers to reduce their distance from the object under study (cited in Creswell, 2012) to enhance a clearer picture.

Second, the axiological assumptions about what is important and valuable in research. The key emphasis regarding this assumption has to do with the role of values in research. In line with this study, ethical values in relation to respect for human rights, honesty and confidentiality were of paramount importance in the data collection. To a large extent, any form of biases such as gender, history, culture and socioeconomic status in the course of the research were avoided.

Third, the methodological assumptions about what methods and procedures are allowable within the paradigm. Methodology is defined as the structure of tools employed in securing knowledge (Gaffikin, 2008; Neuman, 2006; Denzin & Lincoln, 1998). The method applied in a research may be well defined as the structure of tools employed in securing knowledge (Gaffikin, 2008; Denzin & Lincoln, 1998). Gaffikin (2008:7) is of the view that “methodology investigates and evaluates methods of inquiry and thus sets the limits of knowledge” The methods used in the process of research are usually inductive, emerging, and shaped by the researcher’s experience in collecting and analysing the data.

4.2 The Quantitative-Qualitative Paradigm

Scholars have placed premium on the difference between the positivist and interpretivist positions. These schools of thought have influenced and led to further discussions on the two distinct approaches in the conduct of research; qualitative and quantitative approaches. In social science research, qualitative research is based on the interpretivist position, while quantitative research also hinges on positivists viewpoint. Brannen (1992), identifies three types of methodological strategies, namely quantitative, qualitative and mixed methods. It is worth noting, however, that the research problem usually defines the particular methodological approach to apply.

Miller and Brewer (2003), are of the view that the qualitative approach to research places emphasis on “quality”, but not “quantity”. Thus qualitative approach seeks to understand the meaning of social phenomenon rather than mere collection of numerate statistical data. It involves an in-depth investigation of knowledge. In addition, it employs data collecting methods such as unstructured interviews, observation and documentary evidence (Bernard, 2013; Patton, 1990; Grix, 2004). Such an approach scarcely depends on the use of numbers though they may be used in certain cases. Data gathered per the use of these methods consists of extracts of natural language, including the verbatim transcripts of interview materials and

extracts from texts, discourse, personal documents and field notebooks (Miller and Brewer, 2003). Qualitative researchers adopt interpretive philosophical position and normally use data generation methods that ensure reflectivity and are flexible to the social context within which data is generated (Grix, 2004). With regards to qualitative approach to research, cases are analysed over a long period based on the sequences observed and theories developed. Narratives and images, instead of numbers are mostly used in qualitative research. One major weakness identified with this approach is that it is subjective, difficult to replicate and usually involves small sample size which may not be representative enough. While some scholars like Patton (1990) argue that results of qualitative research cannot be generalised, others like Maxwell (1992) rebut this claim.

Unlike qualitative research that is inductive, quantitative research tends to be deductive. Hence, procedures for collecting data in quantitative research approach include questionnaire and laboratory observation. Large sample size is the hallmark as it seeks to achieve representativeness upon which generalisation and prediction could be made (Raging & Bercker, 1998). As the name implies, quantitative research involves extensive use of numbers and as such, statistical techniques are employed to analyse the data generated for the research (Miller & Brewer, 2003). One weakness of the approach, though, is that it is artificial and has the tendency of suffering from the effect of being overly generalised.

Notwithstanding the premium placed on the differences, qualitative and quantitative approaches should not be viewed as polar opposites or dichotomies; instead, they present different ends on a continuum (Newman & Benz, 1998).

4.2.1 Qualitative Study

This study adopts a qualitative research approach. Esterberg (2002) explains that the goal of qualitative researchers in social research is to investigate and illuminate how humans construct

social reality. Moreover, Denzin and Lincoln (2008), describe qualitative research as a field of inquiry in its own right which cuts across fields, disciplines and subject matters and is saturated with concepts, terms and assumptions. It makes use of various methods and approaches such as case study, participatory inquiry, interviewing, participant observation, politics and ethics, interpretive analysis and visual methods. Considering the purpose and questions the research seeks to answer, a qualitative approach is better suited in understanding and assessing the experiences, perspectives and thoughts of the respondents in relation to issues centred on public sector accountability. Secondly, the approach also fits the type and nature of the research problem under investigation. Moreover, a qualitative approach is most likely to produce outcomes that are sufficient in themselves as a result of its interpretative nature. The choice of the research design, according to Bryman (2004:14) “reflects decisions about the priority being given to a range of dimensions of the research process”

Moreover, qualitative research is more useful for exploring institutional phenomena, articulating participants' understandings and perceptions, and generating tentative concepts and theories that directly pertain to particular environments (Hathaway, 1995).

4.3 Research Design

A research design relates to a grand plan that shows how the researcher intends to conduct the research and how the research would be guided against any form of bias. Goddard and Melville (2004:1), are of the view that “research, is not just a process of gathering information, as it is sometimes suggested. Rather, it is about answering unanswered questions or creating that which does not currently exist”. Gschwend and Schimmelfenning (2007) add that, a research design is a plan that specifies how you plan to carry out your research project and particularly, how you expect to use your evidence to answer your question. On the other hand, Bryman (2004), simply defines a research design as a framework for the collection and analysis of data.

According to Creswell (2009:3) 'Research designs are plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis'. Esterberg (2002), is of the view that, conducting research is a process of exploration and the process is embarked on for different reasons, by different people and in different spheres. Social research thus affords the ability to see individual issues in a wider social context underpinned by theory. There is a strong relationship between theory and the empirical world. For instance, conventional social research (quantitative research) uses deductive reasoning at different stages; developing a theory and hypothesis, choosing a representative sample and a research design, carrying out data collection, conducting analysis and testing the hypothesis. In contrast, inductive reasoning, which is often used by qualitative researchers, examines the social world, and through that process develops a theory that is consistent with their perception. This study applies inductive reasoning. The researcher made use of both primary and secondary data to enhance his understanding on issues regarding financial accountability in the public sector. Three key horizontal accountability institutions namely the office of the Auditor-General (A-G), Parliament's Public Accounts Committee (PAC) and the Financial Administration Courts (FAC) were the focus of the study. Data collection was done using in-depth interviews, documentary records and direct observation methods. Given that the study centred on public financial accountability concerns, involving the assessment of the constitutional-legal and institutional framework, the research employed qualitative data to assess the structural framework of the A-G, PAC and FAC. The rationale was to understand what public officials do, the motives behind their actions and the consequences of their actions. Thus the choice of the design with regards to this work was based on the nature of the research questions, research objectives and the contemporary issues being addressed in the study.

4.4 Research Strategy

Creswell (2009) identifies five strategies of inquiry in qualitative research; narratives, phenomenological studies, grounded theory studies, ethnographies and case studies. This study employs a case study research strategy. A case study is defined as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2003:13). According to Yin (2003), in choosing a research strategy, three basic conditions would have to be satisfied. First, the researcher’s control over the research in question. Second, the type of research questions. Third, the object being studied and whether it focuses on contemporary events. Yin (2003), further stated three other conditions under which a case study could be classified as an appropriate strategy; the study poses “how” and “why” questions; “the investigator has minor authority over the event; and the focus is on the contemporary phenomenon within some real- life context.” (Yin, 2003: 1). On the basis of these lines of thought, this study adopted a research case study strategy since the work is in line with the above conditions stated by Yin.

De Vaus (2001), suggests that a case studies strategy as a unit of analysis for data collection, enables the researcher to understand the whole. Well-designed case studies also involve insights gained from different people and institutions, which probably differ, but when put together would provide a much fuller and complex understanding of the whole than the perspective provided by any particular element of the case. According to Creswell (2009:12), case studies are usually qualitative in nature. Qualitative research deals with assessing and pondering over issues of socially constructed reality. Nsingo (2005:77) also states that “cases expose the operational reality of organisations and allow one to bring out the strengths and weaknesses of such organisations and enhance one’s chances of engaging or suggesting remedial action for such organisations”.

Miller and Salkind (2002:162), are of the view that the use of a “case study as an approach to qualitative inquiry, focuses less on discerning patterns of the group and more on in-depth description of a process, a programme, an event or an activity”. Thus they may be selected because they have merit in and of themselves. According to Punch (1998), case study research strategy allows one or more cases to be studied in detail, using whatever appropriate methods. From De Vaus (2001) point of view, single case studies appear to be normally less compelling than multiple case designs due to its representation of just one replication and may not provide a tough test of the theory. Multiple case studies therefore are normally more convincing and provide more insights.

In order to use case studies effectively in research, its features and types must be known by the researcher. Silverman (2010), identifies three analytic features of case study research. Firstly, it must have boundaries that must be identified at the early stage of the research. Secondly, the unit of analysis must be defined and thirdly, it must seek to preserve the wholeness and integrity of the case. Stake (2000), on the other hand, identifies three types of case studies namely intrinsic case studies, instrumental case studies and collective case studies. In his opinion, in intrinsic case studies, “no attempt should be made to generalise beyond the single case or even to build theories” (Stake, 2000: 437). And with regards to instrumental case studies, they must be “examined mainly to provide insight into an issue or to revise a generalisation” (Stake, 2000: 438). Thus, although the case selected is studied in-depth, the main focus is on something else. Finally, in collective case studies, a number of cases are studied in order to investigate some general phenomenon. De Vaus (2001) adds another dimension to case studies research. He is of the opinion that, in a retrospective design of case studies, there is a practice of collecting information relating to an extended period to reconstruct the history of the study. This could be done by relying on documentation, archival records and people who participated in or observed the past events. On the other hand, prospective design involves tracking changes

forward over time, and has the advantage of enabling the researcher to look at events as they unfold. This study largely relies on retrospective design and slightly on prospective design since the issues being discussed are on-going. Thus this study may fit into a case study research design as it selects three key institutions that have the constitutional mandate to perform oversight and sanctions responsibilities.

As a result of the multi-disciplinary nature of this study, falling under a number of disciplines such as political science, accounting and economics, this study employs methodological triangulation in eliciting data through in-depth interviews, documentation and direct observation. No single technique such as the use of questionnaire, interviews or observations can adequately capture all the relevant aspects of the data. Regarding this study, the adoption of methodological triangulation enabled the researcher compare data obtained through in-depth interviews with that of direct observations made on the institutional premises of the A-G's office, Parliament and the Financial Administration Courts. This gave the researcher an assurance of the validity and credibility of the data collected. Methodological triangulation is the combination of two or more methodological approaches, theoretical perspectives, data sources, investigations and analysis methods to study the same phenomenon (Hussein, 2009). According to Altrichter et al. (2008: 147), employing triangulation in this study "gives a more detailed and balanced picture of the situation". In the same vein, Bryman (2004) agrees that since triangulation uses more than one approach in investigating a research question, it enhances confidence in the ensuing findings.

4.5 Focus Area of Study

The study focuses on three key institutions and examines their constitutional-legal mandate and institutional framework in the enhancement of public financial accountability. The three institutions are the office of the A-G, Parliament's PAC and the FAC. Their constitutional-legal as well as their institutional framework in promoting public financial accountability were

examined in terms of: their operationalization and enforcement of legislation pertaining to financial accountability, their institutional capacity to enhance accountability and the extent to which sanctions and punishments meted out to public officials caught to have been engaged in financial malfeasance have been carried out. The three key institutions were selected for the study as a result of their unique nature and their constitutional mandate to impose sanctions and oversight accountability.

4.5.1 Study Population

The study population was taken from key organisations namely; the office of the A-G, Parliament's PAC, the FAC and civil society organisations (CSO) that focuses on issues with regards to public financial accountability (PFA). The study population was classified under four groups. The first group involved heads of departments and units of the Audit Service, Ministry of Finance, Controller and Accountant-General's Departments and past Auditor-Generals. The group mentioned above formed part of the study population because the nature of their duty is such that they are involved with issues relating to PFA. Moreover, they tend to understand, as they deal with issues relating policy implementation on a day-to-day basis. Also, by virtue of their position of authority and responsibility as well as their control of public resources, accountability is sought from them.

The second group of people were the elected representatives (politicians): This group involved ten present and former members of the PAC and three members of the finance committee of parliament. Members of the two committees formed part of the study due to the fact that the public accounts committee and finance committee are key financial accountability committees of the Parliament of Ghana, whose activities are geared towards promoting accountability, combating corruption, strengthening budgetary oversight and improving resource allocation. Members of the PAC have been entrusted with the responsibility of auditing the accounts of government presented by the Auditor-General. Secondly, members of the above committees

serve as representatives of the people, and are responsible for giving satisfactory explanation to the public on issues that relates to financial accountability and institutional performance.

The third group are members of the financial administration court, who have the mandate to enforce recommendations of the PAC and to make orders for the recovery of monies, assets or other property due to the State. As shown in Table 4.1, respondents were selected on the basis of their specialised knowledge of public financial accountability, rather than they being selected at random. Tangco (2007) is of the view that selecting respondents on the basis of their specialised knowledge and background which are relevant to the study enhances the quality of data for analysis and discussion. Also, Tremblay (1995) argues that this technique is effective when defining the essential characteristics of some issues by drawing on personal experience and understanding of the people involved. Their inclusion in the study seeks to reveal the extent to which the application of sanctions have either enhanced accountability or otherwise.

The fourth group is the CSOs, which though do not form part of the arms of government, offers a significant and autonomous bridge with governmental organisations. Six key civil society organisations (think-tanks and pressure groups) namely the Institute of Economic Affairs (IEA), the Centre for Democracy and Development (CDD), the Institute for Democratic Governance (IDEG), the Ghana Integrity Initiative (GII), Ghana Anti-corruption Coalition (GACC) and Occupy-Ghana were purposely selected on the basis of their keen interest and focus on issues relating to public financial accountability. Their inclusion was purposely to ascertain (from their perspective) how far these oversight institutions have assisted in integrating them through effective collaboration and building their capacity in championing sound financial accountability and its enforcements in the public sector. It must also be noted that civil society organisations are sometimes regarded as the “community’s voice” and are required to fight against financial malpractices.

The respondents were purposely selected, using a criterion sampling method. The criterion sampling method is very useful as it enhances quality assurance. The criteria for selection was based on respondents with comprehensive insight and understanding with regards to the thematic ideas of the study. In sum, thirty-five participants were interviewed as shown in Table 4.1.

Table 4.1: Respondent used for the Study

Designation	Organisation	Frequency
Auditor-General (former)	Office of the Auditor-General	2
Heads of units/department	Audit Service	1
Heads of Unit/department	Ministry of finance	1
Heads of unit/department	Controller and Accountant General's Department	1
Senior Principal Auditors	Audit Service	3
Chief Finance Officer	Ministry of Finance	1
Chief Finance Officer	Controller and Accountant General's Department	1
Members of PAC	Parliament	5
Former Members of PAC	Parliament	5
Members of Finance Committee	Parliament	3
Members of Financial Administration Court	FAC, Accra	3
Member	Judiciary	1
Member	Attorney-General's Department	1
Directors and Members	Civil-Society Organisations	5
Member	Pressure Group, Occupy-Ghana	1
Member	Public Interest Accountability Committee (PIAC)	1
TOTAL		35

Source: Author's work

4.6 Data Collection Methods

This study relied on both primary and secondary data. Primary data is information collected specifically for the research. An advantage of primary data is that it is specifically tailored to the researcher's needs. However, it may be expensive to obtain. Secondary data on the other hand is related to materials that have been collected by third parties for their own use, but is found to relevant with regards to this work.

Generally, for case study design, six key techniques of data collection are used. These are physical artefacts, interviews, documentation, archival records, direct observation and participant observation (Welman, Mitchell & Kruger, 2005). This study, however, used three of the above- mentioned methods, namely direct interviews using semi structured open ended interview guides, documents/records review and direct observation. The methods used in this study have been purposely selected to enhance the triangulation and evaluation of data.

4.6.1 Interviews

The interview method serves as an important source of data collection. According to Janesick (1998) an interview may be defined as “a meeting between two persons to exchange information and ideas through questions and responses, resulting in communication and joint construction of meaning about a particular topic”. Interviewing, Esterberg (2002) affirms, is at the heart of social research. It is varied, has different techniques and purposes and is seen as a popular form of data gathering. This technique may take the form of structured questions, open-ended questions and focused group discussions. Esterberg (2002), identifies three types of interviews; structured, semi-structured and unstructured. Among the three, structured interviews are the most formal, rigidly controlled and do not reveal any personal information about the researcher. The problem with this type of interview is the fact that social desirability bias may set in as respondents may tend to give answers that they think would be pleasing to the interviewer. Semi-structured interviews on the other hand, are less rigid, since the goal is

to explore a topic more openly and to allow respondents to communicate their ideas and opinions in their own words. Unstructured interviews are the least structured of the three types. They are not pre-planned, no prepared questions and not tape recorded, like structured ones. Spontaneity is the key element here since it allows the free-flow of topics arising from the situation or behaviour at hand.

According to Yin (2003: 86), Interviews can help in obtaining targeted information on the studied topic and insightful information by providing causal inference. With regards to this work, open-ended face-to-face in-depth interviews with key informants were administered to gather primary data from officials who hold key positions in the public sector, some members of parliament and financial administration courts, as well as directors of some civil society organisations. The open-ended interview is “a type of survey research question in which respondents are free to offer any answer they wish to the question” (Neuman, 2006: 286). Mir and Sutiyono (2013: 107) are of the opinion that open-ended interviews make room for a “free flowing discussion”.

Interview guides would be used for the four different groups of respondents. The interview guides were tailored around the key themes of the study. Open-ended questions were used. The questions for the interview were designed to explore the views and opinions of the respondents involved in the chain of accountability relationship. The interview technique was selected as it suits the nature of the research design. Moreover, the interview technique provided several advantages in relation to this study. For example, it offered direct contact and discussions between the respondent and researcher enhancing precision of answers. In addition, comprehensive facts on the subject matter (financial accountability) were elicited as it gave the opportunity to investigate responses that led to critical information areas that the researcher may have unnoticed in the course of designing the schedule. Thirdly, the interview method is

appropriate for this study because it allowed the researcher to have control over the lines of questioning.

4.6.2 Documentation and Archival Record Review

Documentation and archival record as a source of data have the advantage of providing relevant information which may not readily be available from other sources (McDonald, 2010; Yin, 2003; Tellis, 1997). According to Yin (2003:87) “the most important use of documents is to corroborate and augment evidence from other sources”. This study reviewed both private and public documents. Documents included the Auditor-General’s reports, the 1992 Constitution of Ghana, The State Auditor, Legislative Alert, legal and regulatory instruments such as the public financial administration ACT (2003), public financial administration regulation (2004), public financial management ACT (2016), Acts of parliament, the Hansard; published books on accountability in general and public financial accountability, journal articles and newspaper reports among others.

The review of documents as a research technique has the following advantages. First, it enables data collection without contact with individuals or respondents. Second, it guarantees the researcher’s independence in relation to the organisation under study. Third, it lessens the burden of having to rely on the retentive memories of individuals (common with interviews) which may be distorted. Fourth, document review avoids errors such as bias, attitudes and emotions (Welman, Kruger & Mitchell, 2005).

Nonetheless, the review of document technique may be related to the problems of retrieval and limitations on accessibility. For example, protected information that relates to the study may be unavailable for public access. The use of documents (secondary data) in this study is appropriate because data obtained from primary sources (interviews) was compared and

evaluated against secondary data to back the balance of evidence and the interpretations drawn from the study.

4.6.3 Direct Observation

Direct observation plays a vital part in giving out further information, as well as throwing a searchlight on the subject under study (Tellis, 1997; Yin, 2003). Direct observation is a key primary technique of data collection in a qualitative field research. Auriacombe and Mouton (2007:452), states that “even when other documents like in-depth interviews and analysis of documents are used, field researchers nearly always begin with field observations in a natural settings.” In applying the direct observation technique, the researcher in this study observed social phenomena without becoming directly part of it. Regarding this work, direct observation was done at the workplace sites of the three key institutions under study; Parliament, Audit Service and the Financial Administrative Courts. The researcher also observed rudiments such as management records, vehicles, equipment, office space, and the number of employees at the various institutions. This technique helped with data on institutional capacity, a key theme of the study. The direct observation method is very useful because it assisted the researcher validate some of the information ascertained through the interviews and review of documents. The direct observation method has some advantages; the researcher has a first-hand experience with the participants, information can be recorded as it occurs, unusual aspects can be noticed during the observation and the method is useful in exploring topics that may be uncomfortable for participants to discuss (Creswell, 2009:167). A significant limitation to the direct observation method is that the researcher may not have good attending and observing skills (Creswell, 2009).

4.7 Data Analysis

Data analysis has to do with the interpretation of the primary data gathered in line with the research objective. It also includes the procedure for categorizing, scrutinizing, tabulating and integrating information in order to address the initial objectives of the study. According to Marshall and Rossman (1999: 50) the process of analysing data is “messy, ambiguous, time-consuming, creative and fascinating”. There are several approaches to analysing qualitative research data (Lewis, 2007; Dey, 2005; Creswell, 1998). Data analysis may take various forms such as narratives, observational notes, organisational reports and external reports (Creswell, 1998). With regards to this study, data was analysed taking into consideration the six general phases of data analysis propounded by Marshall and Rossman (1999:152) “ (a) Organising the data; (b) generating categories, themes and patterns; (c) coding the data; (d) testing the emergent understanding; (e) searching for alternative explanations; and (f) writing the report”

Secondary data was assessed and linked with primary data to support the interpretation and evidence presented in the work. The review and assessment of documents allowed the investigator; ensure that major themes with regards to the work were captured and secondly, assisted in designing the questions so that the analytical constructs could be captured. The secondary data was summarised and presented in a tabular form to enrich analysis, and helped with the description translation and provided meaning to issues captured during the interview.

Data gathered from the interviews conducted were transcribed and summarised in line with the themes in relation to the six specific objectives in this work, using the Microsoft excel 2013. The analytical themes linking the study’s objectives are discussed under the data collection plan (4.7.1).

4.7.1 Data Collection Plan

The study relied on interviews, document reviews and direct observation as techniques for the collection of data. The six specific goals of this work had core themes that formed the analytical construct. The two key thematic areas were the constitutional-legal framework and the institutional framework of the oversight institutions. The outline of key themes and sub-themes captured in the study included; mandates; capacity; independence; personnel; and funding.

4.7.2 Institutional Framework of Independent Oversight Institutions

Human resource capability is key in examining the strengths, weaknesses and opportunities for the running of any organisation. The need to get sufficient and competent human resource persons cannot be overemphasised in the search for effective institutional frameworks that enhances public financial accountability. Under this theme, data collection focused on the sub-themes captured in figure 4.1

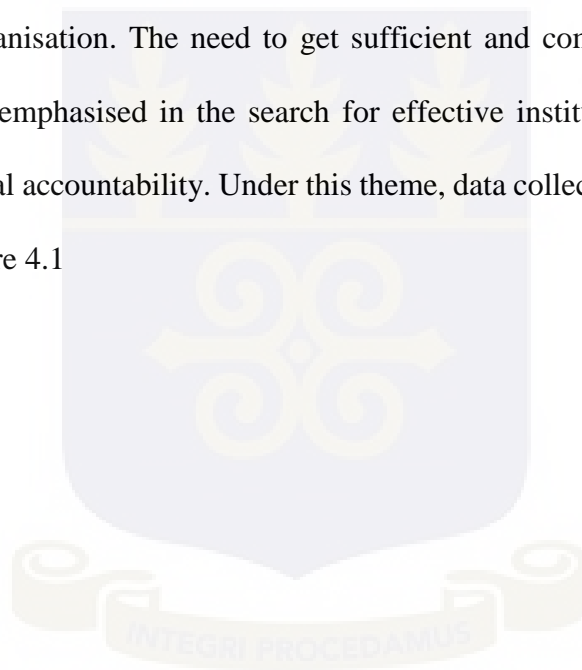
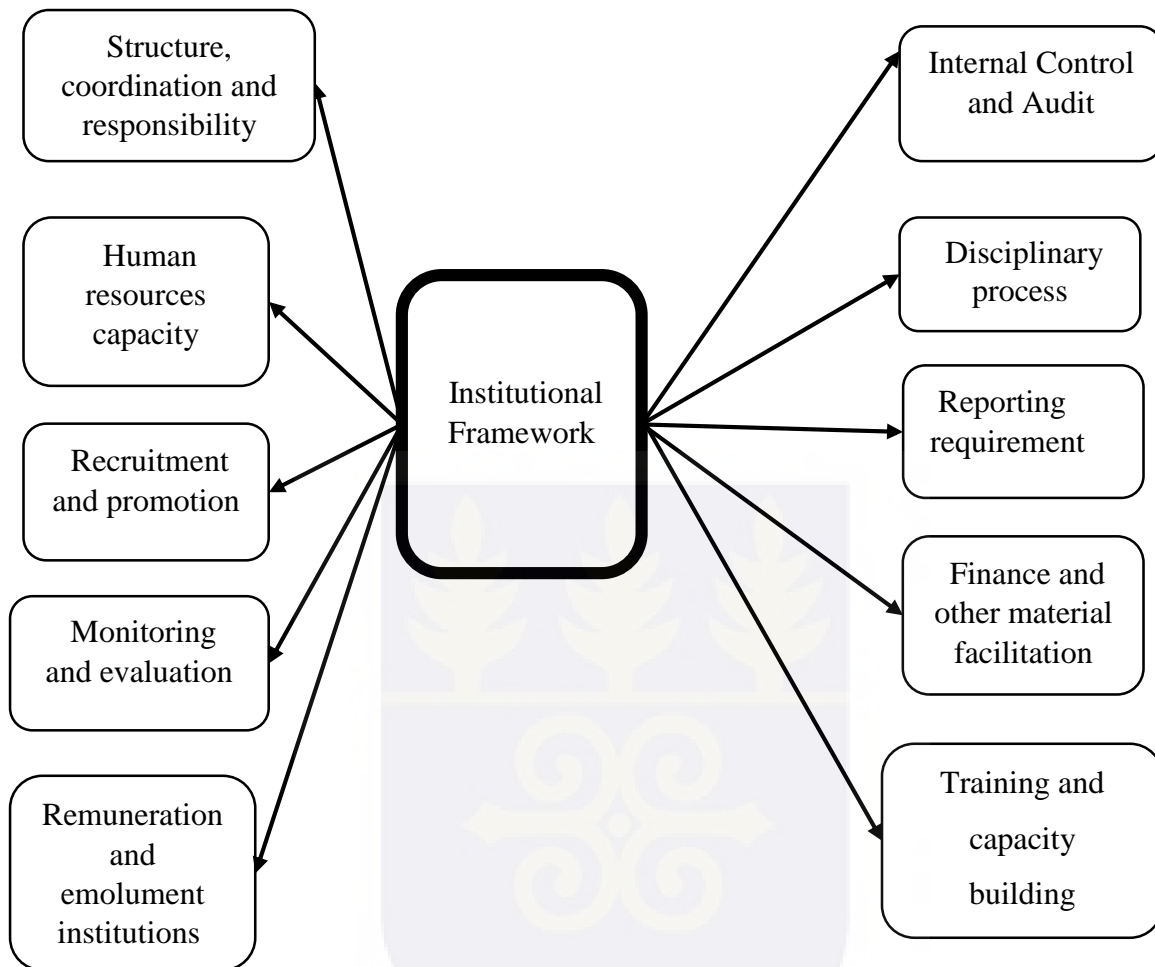


Figure 4.1: Institutional Framework



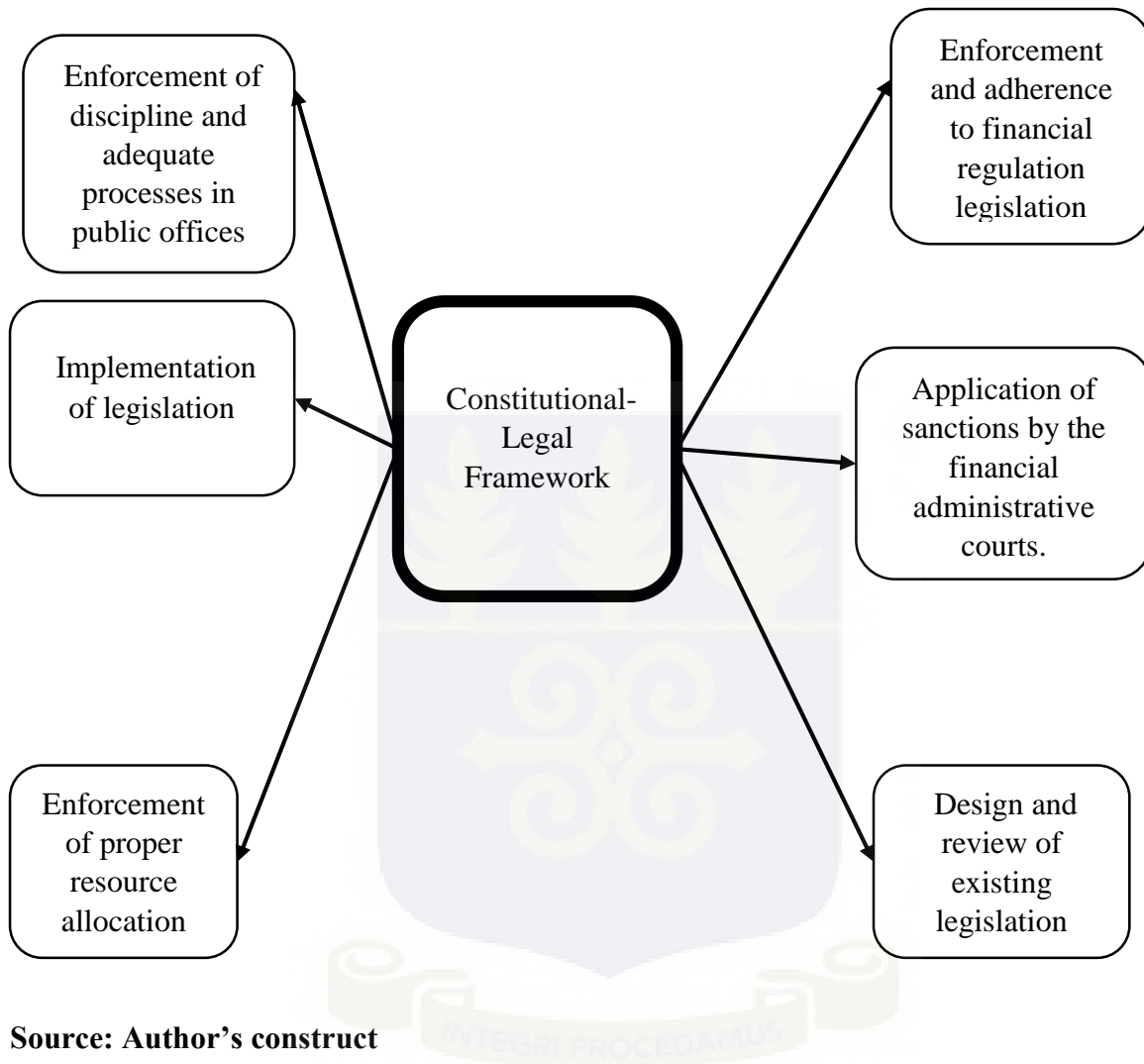
Source: Author's construct

4.7.3 Constitutional-Legal Framework

Under this theme, data collection was linked to the operationalization and implementation of regulatory and legislative requirements in line with public financial accountability. The 1992 Constitution of Ghana, The Audit Service Act, The Financial Administration Act and Financial Administration Regulation were featured prominently. Sub-themes considered are shown in

Figure 4.2.

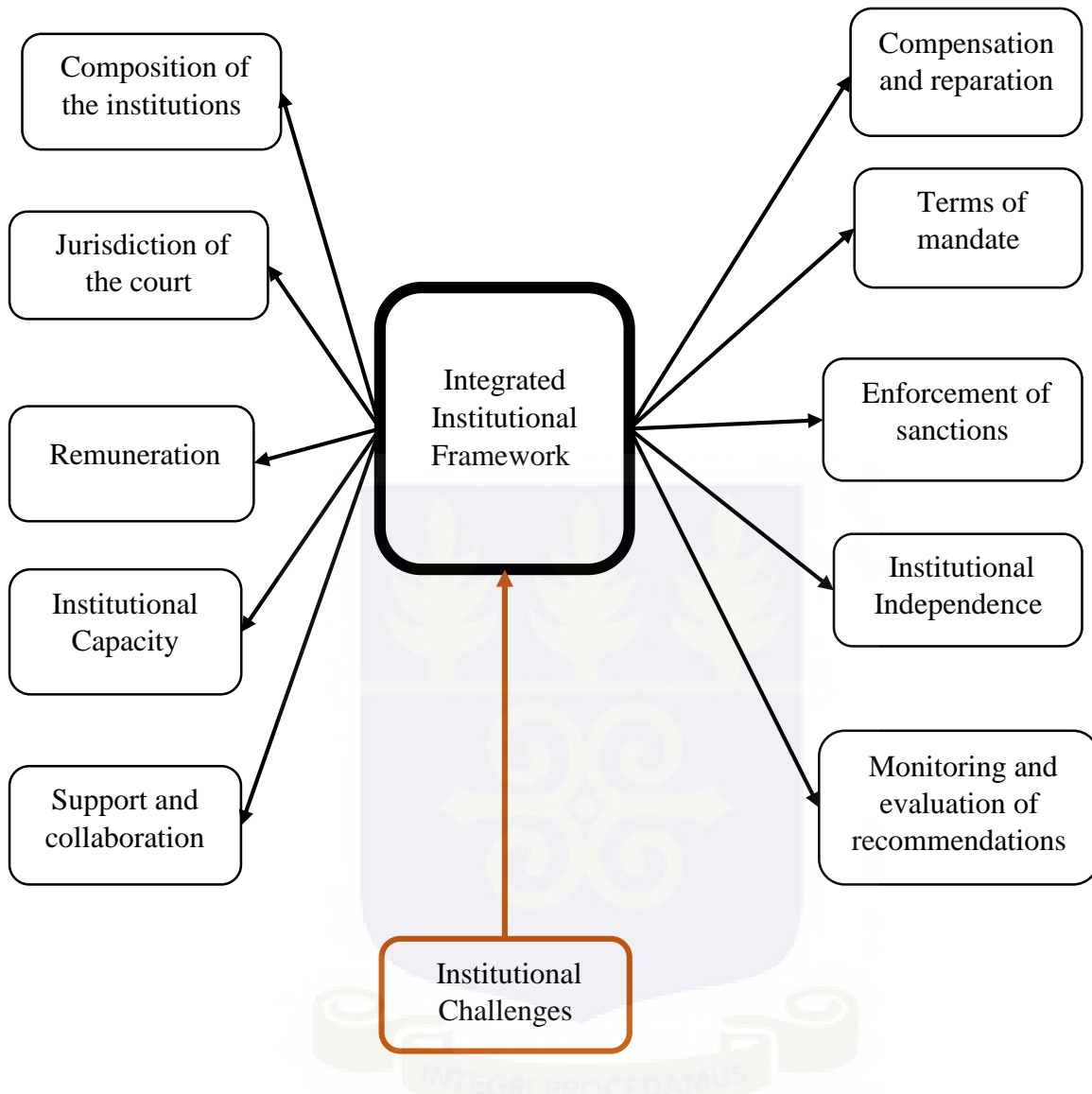
Figure 4.2: Constitutional -Legal Framework



Source: Author's construct

Data collection focused on issues regarding the formation, composition and competencies of members of the financial administration court (FAC). Data collection was linked to the contribution of the FAC in sanctioning public officials who have been found to have misappropriated, misapplied and embezzled public funds. Sub-themes considered were;

Figure 4.3: Integrated Institutional Framework



Source: Author's construct

4.7.4 Validity and Reliability

With regards to qualitative research, validity has to do with the integrity and application of the methods undertaken and the exactitude in which the findings accurately reflect the data. De Vaus (2001) is of the opinion that, validation produces reliable results. Silverman (2010), on the other hand asserts that, Validity is another word for truth. As such, the ‘findings’ of the qualitative researcher must be genuinely based on critical investigation of all the data and not just on some few examples (Silverman, 2001). With regards to reliability, De Vaus (2001)

refers to the quality of a measurement procedure that provides repeatability and accuracy. Silverman (2010) concurs that, to ensure reliability, it is incumbent for the investigator to document his or her procedure and prove that categories have been used consistently. Furthermore, reliability describes consistency within the employed analytical procedures (Long and Johnson, 2000). The use of triangulation in this study is aimed at avoiding questionable and non-representative conclusions or explanations. According to Lincoln and Guba (1985), four different criteria could be used to demonstrate rigour within qualitative research; truth value, consistency, neutrality and applicability. This study thus applies the aforementioned criteria to support the validity and reliability of the findings in this study.

(1) True Value: This criteria has to do with the researcher taking a second look, and reflecting on his own perspectives with regards to the study. The researcher held debriefs meetings with his supervisors to uncover biases and assumptions that might have been taken for granted especially during the interview phase. Another area to demonstrate rigour has to do with the representativeness of the findings in relation to the study. This was done bearing in mind the sample size of thirty-five respondents used in the study. Moreover, the semi structured audio recorded interviews were replayed to revisit the data to check the emerging themes. The researcher also invited some key respondents of the study to comment on the research findings and themes.

(2) Consistency/Neutrality: This aspect involves a transparent and clear description of the research process from an initial outline, through the development of the methods and reporting of findings. In addition, the researcher maintained a research diary that documented challenges and issues that are contrary to the study's objective, design and methods applied.

(3) Applicability: This criteria was applied by comparing and contrasting the study findings with that of other related scholarly research on accountability and independent oversight institutions.

4.8 Ethical Considerations

The philosophies underpinning research ethics are of principal concern to researchers. Silverman (2010) is of the opinion that the researcher must recognise up-to-date standards required for research, and understand why it matters. Ethical issues that require serious deliberation include deception, identity consent, right of privacy and protection from harm. Welman, Kruger and Mitchell (2005). Other scholars postulate that some of the guidelines below should be adhered to during field research:

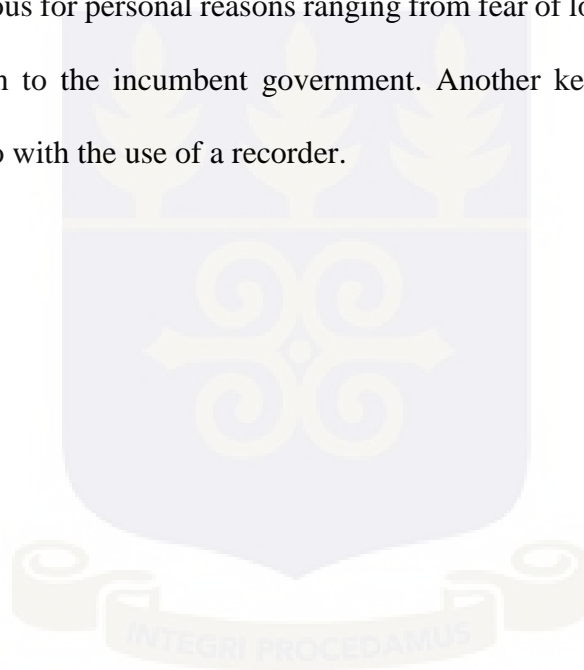
4.8.1 Informed Consent

Christians (2008) is of the view that, consistent with its commitment to individual autonomy, social science insists that research subjects or participants have the right to be informed about the nature and consequences of experiments or research activities in which they are involved. Thus the participants agreed voluntarily to participate without any form of coercion, and agreement was based on full and open information. Silverman (2010) reiterates that informed consent suggests that the researcher is entirely open with the participants about the purpose of the research.

The researcher informed the targeted participants via formal letters, emails and verbally with regards to his identity, the purpose of the study and what the information provided would be used for. The respondents were also informed as to how and why they were selected

4.8.2 Confidentiality and Anonymity

In line with the code of ethics that guide's research, Christians (2008) is of the view that there must be safeguards to protect people's identities and those of the research location. Personal data must be secured or concealed and made public behind a shield of anonymity to avoid embarrassment or harm. De Vaus (2001) notes that in order to protect participants, data must be stored in a way that precludes unauthorised access. The researcher identified some participants who wanted to remain anonymous. Their identity details such as; names, occupation, place of work and rank was kept undisclosed. In most cases, the participants preferred to be anonymous for personal reasons ranging from fear of losing their jobs, or being tagged as an opposition to the incumbent government. Another key issue with regards to confidentiality had to do with the use of a recorder.



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CHAPTER FIVE

DATA ANALYSIS

5.1 Introduction

This chapter focused on the analysis of the findings based on the objectives of the study. The first objective of this study was to assess the constitutional-legal framework for PFA in Ghana with regards to their design and implementation. Key constitutional-legal framework that guides the office of the A-G in ensuring PFA in Ghana are enshrined in the 1992 Republican Constitution of Ghana, under Article 184 that deals with Foreign Exchange; Article 187, the Auditor-General; Article 188, The Audit Service; Article 189, The Audit Service Board; Article 253, District Assemblies Audit; Articles 286, Declaration of Assets and Liabilities by Public Officers. Other Acts have been passed to support the office of the A-G in discharging its PFA duties. They include the Public Office Holders Declaration of Assets and Disqualification Act, 1998 (Act 550), Audit Service Act, 2000 (Act 584), Financial Administration Act, 2003 (Act 654), Internal Audit Agency Act, 2003 (Act 658) and the Financial Administration Regulations, 2004 L.I. 1802.

Parliament's PAC also obtains its mandate from a set of constitutional-legal framework. The 1992 Republican Constitution of Ghana, Article 103 places emphasis on the appointment of Standing Committees. Based on these provisions, the Public Accounts Committee was created by the Standing Orders of the Parliament of Ghana, Order 151(2). Article 103 (6) of the 1992 Constitution also grants the PAC, the "powers, rights and privileges of a High Court," whereas Order 165(2) empowers the PAC to examine the audited accounts of government. Moreover, financial issues are spelt out in chapter thirteen of the 1992 Republican Constitution of Ghana. "It is only Parliament that grants approval for the withdrawal of funds from the Consolidated Fund to meet the expenditures of government through the passage of the Appropriations Act"

(Article 178). Parliament exercises control over the expenditure of such monies through its Public Accounts Committee. Finally, the constitutional-legal framework guiding the Financial Administration Courts in pursuing its public financial accountability mandates are the FAA, Act, 2003, FAR, Act, 2004 and Public Financial Management Act, 2016.

5.2 Assessment of the Constitutional-legal Framework (office of the A-G)

In an interview with a former A-G, it was revealed that the A-G is appointed by the President of Ghana. However, further interview with the former A-G revealed that this practices influence their ability to perform independently. The views on the appointment of A-G are supported by the Constitution of Ghana: First, Article 70(1) (b) of the 1992 Constitution of Ghana looks at the appointment of the A-G. Inter alia, it states that “the President shall, acting in consultation with the Council of State appoint the Auditor-General.” However, the Council of State members that the President consults in the appointment process are nominated by the president, and are part and parcel of the Executive arm of Government. This implies that the A-G who is responsible for the independent audit of State’s account is appointed by the President in the same way as Ministers of State are appointed. There seems to be a lacuna in the 1992 Constitution, since best practices require the independence of the auditor from the audited entity.

Second, Article 71(1) (c) of the 1992 Constitution delves into the emoluments of the A-G. It states: “the salaries and allowances payable, and the facilities and privileges available to the A-G being expenditure charged on the Consolidated Fund, shall be determined by the President on the recommendation of a Committee of not more than five persons appointed by the President, acting in accordance with the advice of the Council of State.” However, in an interview with an officer of the Audit Service, it came to light that the current provision on the emoluments of the A-G was contrary to the provision of the 1954 Constitution: The 1954 Constitution vested the A-G’s remunerations in the hands of Parliament. Thus the

determination of the remunerations of the A-G by the Executive as spelt out in the 1992 Constitution could affect negatively the objectivity of the A-G who may be tempted to work at the pleasure of the President in order to secure his emoluments. The independence of the A-G could have been strengthened if the 1992 Constitution had picked from the 1954 Constitution and left the determination of the A-G's emolument in the hands of Parliament. Even though the 1954 Constitution is a colonial relic, the adoption of the relevant provision regarding which authority determines its emolument could have cured the inherent mischief in the emolument being determined by the President. Thus, apart from the Executive determining its emolument and by implication compromising its independence, making the Auditor-General a public officer as per Article 187 (1) of the 1992 Constitution subject it to further manipulation by the appointing authority.

Third, Article 187(1) of the 1992 Constitution reads; "there shall be an Auditor-General whose office shall be a public office." This statement implies that the position of A-G is considered as a post in the Public Services of Ghana, one of the divisions of public office as broadly defined under Article 295. However, the constitutional mandate of the A-G goes beyond the public services of Ghana to cover all 'public offices' such as the Ghana Armed Forces and the Bank of Ghana. In line with modern practices, the Office of the A-G should stand alone as part of the public offices of Ghana to safeguard its independence from the Public Services.

Four, Article 187 (5) of the Constitution states that the A-G "shall, within six months after the end of the immediately preceding financial year, submit his report to Parliament and shall, in the report, draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament." Generally, the accounts of all public offices are required by law to be presented to the A-G three months after the end of the financial year. This gives the A-G only three months to conduct the audit of all the accounts, clear issues with their clients and present the report to Parliament. In an interview

with an official of the Audit Service, he expressed concern that the rush to meet such deadlines tends to compromise quality control and assurance reviews of the audit reports.

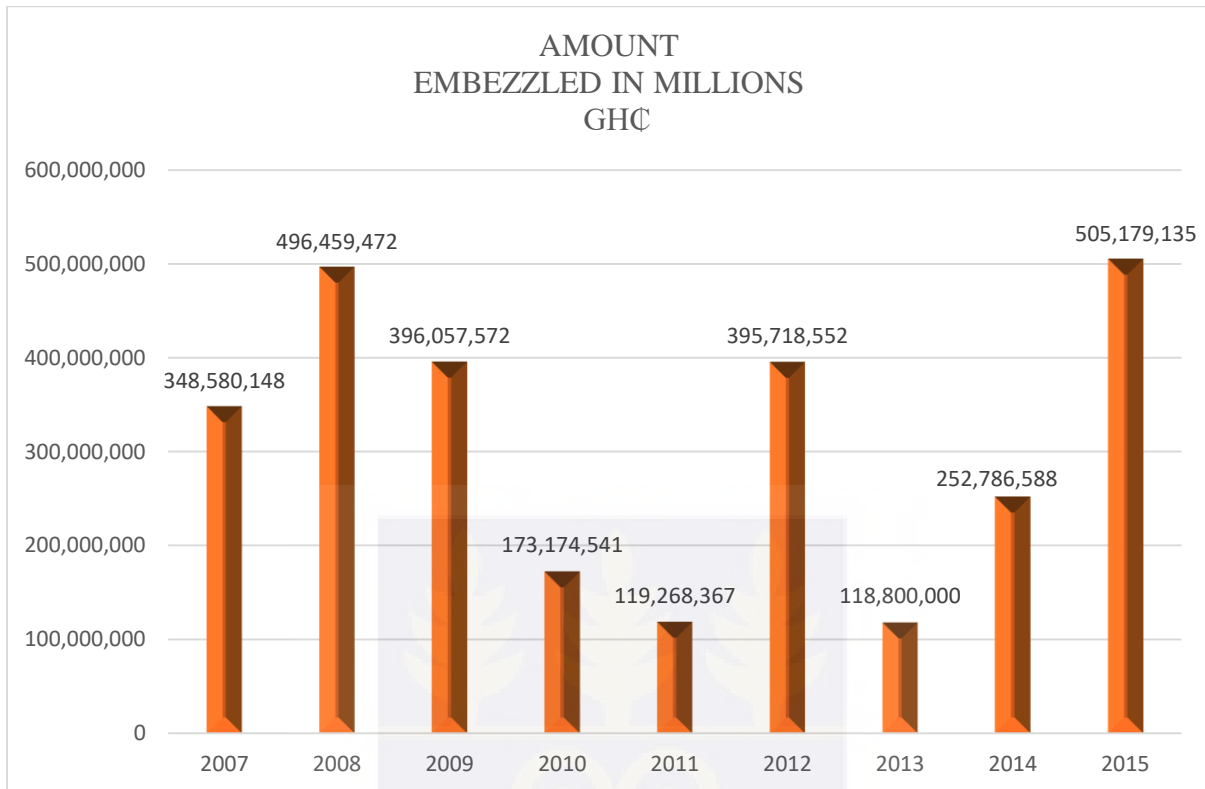
Five, Article 187(15) of the 1992 Constitution of Ghana “states that the accounts of the Office of the Auditor-General shall be audited and reported upon by an auditor appointed by Parliament.” In an interview, some members of the PAC revealed that their role is limited to financial auditing. Advancing on this, they were of the view that there is an urgent need for Parliament to extend their mandate to other forms of audit and reviews on performance, structure and operations of the Audit Service.

Six, Article 187 (7) clearly stipulates that: “in the performance of his functions under this Constitution or any other law the Auditor-General may disallow any item of expenditure which is contrary to law and surcharge:

- (i) The amount of any expenditure disallowed upon the person responsible for incurring or authorising the expenditure; or
- (ii) Any sum which has not been duly brought into account, upon the person by whom the sum ought to have been brought into account; or
- (iii) The amount of any loss or deficiency, upon any person by whose negligence or misconduct the loss or deficiency has been incurred.”

Unfortunately, this mandate given to the A-G has never been applied since the advent of the Fourth Republic. The non-application of this clause tends to account for the impunity with which public funds are embezzled. Figure 5.1 shows the continuous embezzlements of public funds in Ghana from 2007 to 2015.

Figure 5.1: A-G's Report on the Amount Embezzled in Million GHC from 2007-2015



Source: Author's Graph

Figure 5.1 revealed that annual embezzlement increased from GHC348,580,148.00 in 2007 to GHC496,459,472.00 in 2008 representing an increase of 42.42%. Though there were subsequent reductions from 2009 to 2011, the level of embezzlement from 2013 to 2015 experienced cumulative growth rate of 325.25% to GHC505,179,135.00. As a result of this disturbing record, the newly appointed A-G, Mr. Domelevo has vowed to surcharge public officials that act contrary to Article 187 (7) of the Constitution.

Finally, Article 286 (1) of the Constitution declares that a person who holds a public office “shall submit to the Auditor-General a written declaration of all property or assets owned by, or liabilities owed by him, whether directly or indirectly; within three months after the coming into force of this Constitution or before taking office, as the case may be; the end of every four years; and at the end of his term of office.” The present provision in the constitution with

regards to Assets Declaration are stated in Articles 286 to 287 have been hard to carry out arising out of ambiguities on these provisions. Some members of the PAC who were interviewed in connection with Articles 286 and 287 opposed the verification and opening by the A-G of the contents of sealed envelopes purporting to contain the Assets Declaration Forms. In the opinion of the members of the PAC who were interviewed, this function should be given to another independent accountability institution such as the CHRAJ, because the A-G's office, was already overburdened with a chunk of work load.

Furthermore, Article 286 (1) requires a public officer to submit a written declaration of all property or assets owned by, or liabilities owed by, him whether directly or indirectly to the Auditor-General within a specified period. Article 286 (4) of the 1992 Constitution of Ghana, however, "states that after the initial declaration, any property or assets acquired by an officer which is not reasonably attributable to income, gift, loan or inheritance shall be deemed to have been acquired in contravention of the Constitution." There is thus an implicit obligation on the A-G to use Article 297(c) of the Constitution to compare the subsequent declaration against the initial declaration presented to him by a public official and to refer inexplicable inconsistencies to the Commission on Human Rights and Administrative Justice (CHRAJ) for further actions. This interpretation has been challenged by some Members of Parliament (MPs). Therefore, clear requirements are needed to give understanding on the roles that are expected of all public officials with regards to the declaration of assets as enshrined in the Constitution.

In sum, the A-G lacks total independence to perform his functions as provided in the 1992 Constitution of Ghana and other PFM Acts. This is due to the executive wielding so much power that impacts negatively on the functions and performance of the office of the A-G.

5.2.1 Assessment of the Constitutional-legal Framework (PAC)

First, issues relating to finance could be found in Chapter thirteen of the 1992 Constitution.

The Constitutional provisions grant Parliament extensive powers in the PFM of the country.

Some of the powers granted to Parliament are as follows;

- (i) Parliament has the sole mandate for the approval or otherwise of the imposition of taxes;
- (ii) “Parliament determines the waiver or variation of any taxes imposed on individuals and businesses” (Article 174);
- (iii) Parliament is also mandated to grant “approval for the withdrawal of funds from the Consolidated Fund to meet the expenditures of government through the passage of the Appropriations Act” (Article 178).
- (iv) Parliament has control over the expenditure of such monies through its Public Accounts Committee.

Unfortunately, the PAC is limited by the 1992 constitutional provisions to exercise effective oversight over the executive arm of government by exercising full authority over public finances. In the same vein, the legislature since the advent of the Fourth Republic has been partisan, making sure that it toes to the policies of the executive. Perhaps a constitutional amendment is necessary to significantly enhance PAC’s oversight capacity.

Second, the primary function of the PAC according to Standing Order 165(2) is to critically “examine the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure of the government and such other accounts laid before parliament”.

This provision is in line with the 1992 Constitution, Article 187(2) states that: “The public accounts of Ghana and of all public offices, including the courts, the central and local administrations, of the universities and public institutions of like nature, of any public

corporation or other body or organization established by an Act of Parliament shall be audited and reported on by the Auditor-General”. However, it appears that only the financial transactions of these Institutions come under examination in the course of the functions and operations of the Public Accounts Committee. The implication is that the Constitution places a limitation on PAC’s work, as it examines reports presented by the A-G only.

5.2.2 Assessment of the Constitutional-legal Framework (FAC)

The FAA, 2003(Act 654) was enacted in 2003 to ensure effective and efficient management of government revenue, expenditure, assets, liabilities and resources of government. Section 66 (1) of the Financial Administration Act (FAA), 2003 states that “there is established by this Act a Financial Administration Tribunal referred to in this Act as the “Tribunal”. The phrase “tribunal” was later amended as “court” (The courts are also known as specialised financial and organised crime courts). Section 66 (3) of the FAA further stipulates that the members of the court “shall be nominated by the Chief Justice in consultation with the Judicial Council and shall be appointed by the President.” The FAC has the mandate to enforce recommendations of the PAC on the A-G’s Report as approved by Parliament, and to make such orders as it considers appropriate for the recovery of monies, assets or other property due the State. The FAA, 2003 (Act 654) has, however, been amended to enable the Chief Justice appoint a sole judge to adjudicate over the Financial Administration Court. Consequently, Section Three of Act 760 of the Financial Administration (Amendment) Act, 2008 (Act 760) repealed the Panel System, made up of a Justice of the High Court as chairperson, a Chartered Accountant or a professional valuer as member, and introduced the Single Judge System. There seems to be some loopholes and inconsistencies with the FAA, 2003 (Act 654). In this regard, some members of the FAC interviewed expressed varied views: some were of the opinion that the appointment of the Sole Judge system limits the court with regards to diverse interpretation of

the law. Thus there is a tendency for a Sole Judge to misapply the law. Other members of the FAC expressed that the Sole Judge System would enhance speedy delivery of justice.

Moreover, Section 69 (1) of the FAA Act states that “a person adversely affected by an audit report may accept liability and offer to pay compensation or make restitution”. In addition, an order made to offer compensation or restitution shall not be taken as a conviction. As stated earlier in this study, Section 69 (1) of the FAA Act tends not to be deterrent enough. The implications of the clause above are the fact that public office holders may decide to embezzle state funds and appeal to offer compensation. Such criminal acts may not be counted as a conviction after all.

Furthermore, the FAA, 2003 (Act 654) is not clear on the institution responsible for initiating prosecution. Thus it is not clear as to who should initiate prosecution by enforcing the recommendations of the A-G’s Public Accounts report as approved by Parliament, to among others, recover monies and assets or other property due to the State.

The new Public Financial Management Act, 2016 (ACT 921) was promulgated to address the weaknesses in PFM by promoting discipline, transparency and accountability of public funds. However, it seems that sanction regimes in the new Act are not stringent enough to deter public office holders from robbing the state. The Act gives a custodial sentence of not less than six months and not more than five years. The implication of this law is that a public office holder who embezzles twenty million dollars (\$20m) will be jailed for six months or for a maximum period of five years. To all intents and purposes, such custodial sentences may not be deterrent enough. There seems to be no clear automatic correction mechanism to control deviations in the Public Financial Management Act, 2016 (ACT 921). For instance, in South Africa the PFM law makes provision for an automatic correction mechanism.

Finally, the PFM Act, 2016 (ACT 921) does not make any provision for an independent fiscal policy council. For instance, in Nigeria and Brazil, an independent fiscal policy council has been set up with powers to challenge the government on controversial issues pertaining to PFM policies.

5.3 Assessing the Institutional Framework for PFA in Ghana

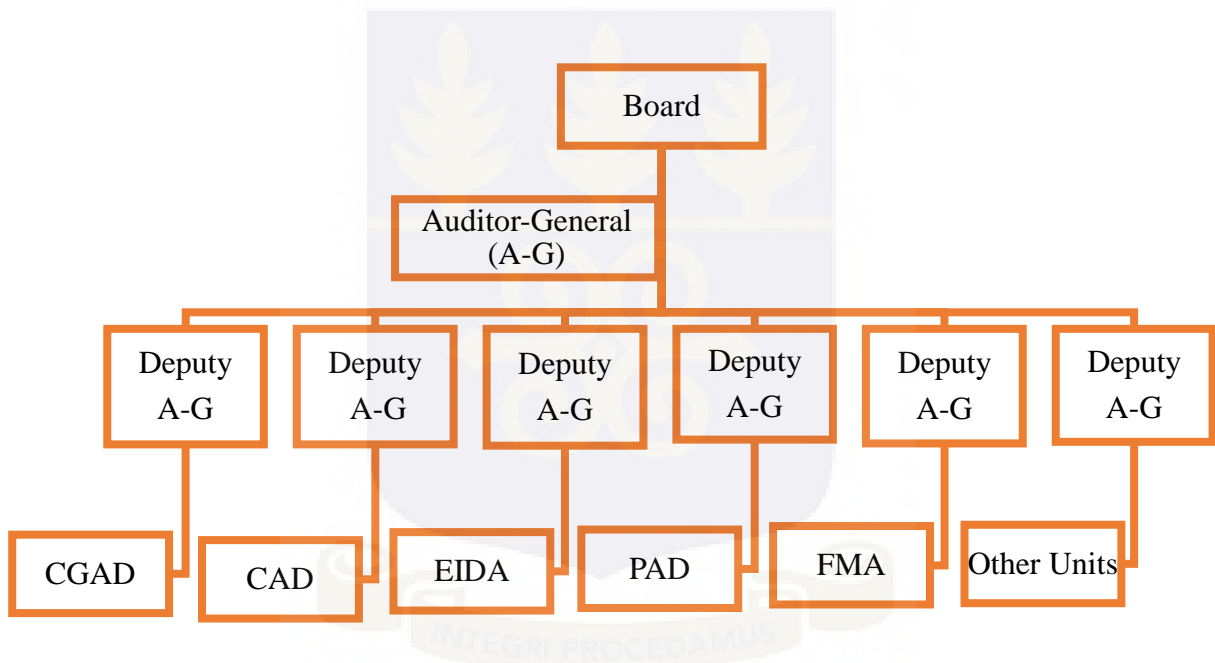
Having assessed the constitutional-legal framework and mandates within which the offices of the A-G, PAC and FAC operates, it is important to turn our attention to the second objective of the study which was to assess the institutional framework of the offices of the A-G, PAC and FAC in terms of their capacity, personnel, independence and funding in enhancing PFA in Ghana. The institutional framework of the three oversight institutions were assessed in terms of analytical themes that falls in tandem with their nature, character and institutional capabilities.

5.3.1 The Institutional Framework of the A-G

The Ghana Audit Service (GAS) is headed by the A-G, and assisted by Deputy Auditor-Generals. The GAS is structured under five main departments. First, is the Central Government Audit Department (CGAD), which is the central focus of this study: The CGAD has the primary responsibility for the audit of all Ministries, Departments and Agencies (MDAs) of Central Government. Second, the Commercial Audit Department (CAD) is responsible for the audit of Public Boards, Corporations, the Bank of Ghana, Tertiary and other statutory institutions. The third department is the Educational Institutions and District Assemblies (EIDA) that oversees the audit of Metropolitan, Municipal and District Assemblies (MMDAs) as well as Pre-University Public Educational Institutions and Traditional Councils. Fourth, Performance Audits Departments (PAD), made up of three sections, namely, Performance Audits, Special Funds Audit and Information Technology

Audit. These departments are responsible for carrying out audit programmes and activities of public offices, with due emphasis on economy, efficiency and effectiveness in the use of resources. The fifth department is the Finance and Administration department that provides support services to all members of staff across the country. Apart from the five main departments, there are other units that fall directly under the Auditor-General’s Department. These units include, Internal Audit, Legal, Public Affairs, Quality Assurance, Parliamentary and Planning, Research and the Monitoring and Evaluation units as shown in Figure 5.2.

Figure 5.2: Organogram of GAS



Source: Author’s construct

Article 187 (2) of the 1992 Republican Constitution of Ghana states that “The public accounts of Ghana and of all public offices, including the courts, the central and local government administrations, of the Universities and public institutions of like nature, of any public corporation or other body or organisation established by an Act of Parliament shall be audited and reported on by the Auditor-General”. Based on this mandate, this study sought to analyse the structure and workload schedule of the office of the Auditor-General. The need to attain sufficient numbers of competent staff and qualified human resources, working under a sound

constitutional-legal framework in a conducive environment, characterises the quest for effective control systems to enhance PFA. In an interview with an official of the GAS, he lamented that “out of the two hundred and sixteen districts in Ghana, GAS has only sixty-eight district offices countrywide”. This implies that GAS has offices in only 31% out of the total number of districts in Ghana. The effect is that most of the accounts of the MDAs were not audited within the required stipulated time. Table 5.1 shows the workload structure of the GAS.

Table 5.1: Work Load Structure of GAS

DEPARTMENT	WORKLOAD
Central Government Audit Department (CGAD)	(i) Audit of all MDAs in Ghana; (ii) Audit of all Ghana’s foreign missions abroad;
Commercial Audit Department (CAD)	(i) Audit of Public Boards and Corporations; (ii) Audit of the Bank of Ghana; (iii) Audit of tertiary and other Statutory Institutions.
Educational Institutions and District Assemblies (EIDA)	(i) Audit All Metropolitans, Municipal and District Assemblies; (ii) Audit of Pre-University Public Educational Institution (iii) Audit of Traditional Councils.
Performance Audit Department (PAD)	(i) Performance Audit; (ii) Special Funds Audit; (iii) Information Technology Audit.
Finance and Administration (F&A)	Support services: Budget, Payroll, Accounts and Procurements.

Source: GAS (2017)

Moreover, it was revealed during an interview with a GAS official that most of the district offices were understaffed. This implies that the arrangements put in place to supervise the audits of the various MDAs have failed. The under-staffed officials are unable to prepare financial reports on schedule, as well as to effectively identify the misappropriation of resources and breach of financial regulations. Also, during an interview with a member of ARIC, it came to light that some MDAs did not have ARIC representatives in the various Ministries. It is clear from Table 5.1 that an agency with a total staff of one thousand, six hundred and sixty (1660) that includes non-skilled staff will have challenges with regards to the required number of skilful personnel to carry out their duties.

The next key theme for assessment had to do with the Independence of the A-G. Supreme Audit Institutions (SAIs), can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence (INTOSAI, 1998). An official of the GAS during an interview was of the view that the independence of the A-G should always be linked to the freedom given to an audit body and its auditors to act in line with the audit powers conferred on them without interference. The 1992 Republican Constitution of Ghana clearly spells out the independence of the A-G with regards to their appointment, removal and determination of emoluments. The contentious issue with regards to appointment is that, though the A-G enjoys a secured tenure of office, the President may appoint a person in acting position for any period of time. A former A-G in an interview emphatically stated that a long stay in acting position as A-G could compromise one's independence, as the confirmation to a substantive position is dependent on a perception of being loyal to and at the discretion of the President.

Table 5.2 List of Auditor-Generals since 1951

Name	Year
Mr Neville Ward Sabine	1951-1963
Mr Ahenkora Osei	1963-1981
Mr James B. H. Coleman	1981-1983
Mr Richard Tello Nelson	1983-1989
Mr Osei Tutu Prempeh	1990-2001
Mr. Edward Dua Agyeman	2001-2005
Mr. Richard Quartei Quartei	2006-2009 Acting Position
Mr Richard Quartei Quartei	2010-2016
Mr Daniel Domelovo	2017-to date

Source: The State Auditor (2017)

The table above shows a list of Auditor-Generals since 1951. From 2006-2009, the then Auditor-General Mr. Richard Quartei Quartei acted as the A-G for three years. Such long periods in acting position is inimical to the independence of the office of the A-G.

Secondly, the A-G enjoys a secured tenure of office. The 1992 Constitution states that the Auditor-General shall not be removed except for stated misbehaviour such as incompetence, infirmity of the body or mind (Article 146, Act 584 s. 10(8)). Thirdly, under article 71(1) of the 1992 Constitution, “the salaries and allowances payable, and the facilities, and privileges available to the Auditor-General, shall be determined by the President on the recommendation of a committee of not more than five persons appointed by the President, acting in accordance with the advice of the Council of State.” Some officials of the GAS the researcher interviewed seemed not to be happy with the current conditions of service of the GAS. For instance, in an interview with a former A-G, it came to light that Under the Audit Service Decree (NRCD 49) of 1972, the A-G and Supreme Court Judge were placed on the same salary structure. However,

since the inception of the 1992 Constitution, the emoluments of the A-G have been downgraded to that of an Appeal Court Judge.

Funding for the GAS has been woefully inadequate to a large extent. This has serious implications as far as the institutional framework of the GAS is concerned. The immediate past A-G, Richard Quartey has lamented on this issue severally. He warned that the Audit Service risks collapsing if the government agency is not adequately resourced with funding and other basic working tools to carry out their duties. For instance, in his transmittal letter to the Speaker and Members of Public Accounts Committee (PAC) about the 2013 audited report of the MDAs, the former A-G complained bitterly about the austere conditions under which his men carried out their duties without funding. He cautioned that such situations may dent the image of the Audit Service with the public likely to lose interest in their auditing services as an institution. He further stated that “It is my fervent wish that Honourable Members will take note that my staff were compelled out of their goodwill to use their own salaries and personal resources to finance the auditing activities, in expectation that they would be reimbursed, but my office did not receive the relevant funds from the Ministry of Finance to effect such reimbursement to the officers.”

5.3.2 The Institutional Framework of the PAC

The PAC, according to Order 165(1), must consist of not more than 25 members, and should be under the chairmanship of a member who does not belong to the party which controls the Executive branch of government. Analysis of the structure and work load schedule of the PAC was assessed in line with their functions and operational powers. The main function of the PAC as stated in Order 165(2) of the Standing Orders is to scrutinise the audited accounts of government and other accounts that may be laid before Parliament. Additionally, the Committee has power to; enforce the attendance of witnesses and examine them on oath;

compel the production of documents; and issue directives or request to examine witnesses abroad.

In an interview with a member of the PAC, it was affirmed that the PAC faced challenges with regards to dealing with a backlog of the A-G's reports prior to the onset of the Fourth Republic: For instance, the 2005 Audit report for MDAs was released in 2008 while that of the 2009 and 2014 were in 2011 and 2016 respectively. Similarly, the current A-G's report for 2015 was released in 2017. According to the interviewee, the situation had arisen because the financial regulations require the A-G to carry on with the preparation of audit reports even in the absence of Parliament. Table 5.3 shows the processes used by PAC to examine the A-G's report.

Table 5.3: List of PAC Processes

STEP	PROCESS
STEP 1	A-G Submits a Report to the Table Office
STEP 2	The Business Committee schedules and lays the Report before the House and then it is referred to the PAC for consideration and report
STEP 3	The PAC Secretariat writes to all MDAs queried in the Report of the A-G forwarding respective portions of the Report that pertains to them and then requests that they forward their responses and comments if any on the Report within a stipulated time frame, usually two weeks.
STEP 4	A sub-committee of PAC reviews the responses and submits a report to the Committee recommending which MDAs should be invited for public hearing.
STEP 5	The PAC then schedules a date for the hearing and instructs the secretariat to write to all the selected MDAs inviting them to respond to the queries they failed to address sufficiently and/or systemic problems that should be raised for the benefit of all MDAs.

STEP 6	A date for the public sitting is published in the print and announced in the electronic media for the benefit of the Press and all interested stakeholders.
STEP 7	A public meeting is conducted where auditees are given the opportunity to explain their own view point on the A-G's queries while members of the PAC who have studied the issues in detail with the help of the Audit Service staff cross examine the auditees
STEP 8	The Committee then compiles its report and makes recommendations on the A-G's Report to the House for debate and adoption
STEP 9	After the adoption of the Report by the Plenary, the PAC secretariat writes to all MDAs named in the report requesting them to implement the recommendations and report back to the Committee within a month. The Attorney General at this point is invited to commence prosecution of criminal cases referred to that Office.
STEP 10	The PAC takes a sample of feedbacks and follows up to ascertain the veracity of the reports and progress of implementation of its recommendations.

Source: Parliamentary Centre (2009)

The PAC funds its activities from resources made available to it by Parliament. In an interview with a former member of the PAC, it came to light that the Committee's budgeted activities centred on its staff's wages and salaries, study visits, outreach and sitting allowances for meetings held. He said the problem with the committee's budget was that it was incorporated into the budget of Parliament. The difficulty therefore was how to distinguish the budget for the PAC from the overall budget of Parliament. The implication is that while Parliament may release money to the Committee for its work, in many cases there was no link between the releases of the committee and the budget submitted by the Committee. Another member of the PAC interviewed commented on the delay in the release of funds meant for planned programmes and activities. Apart from their budgetary allocation, the PAC also gets financial

support from donor agencies such as the Department for International Development (DFID) and the Konrad-Adenauer Stiftung, a German foundation. The basic objective of such support is to deepen the oversight activities of Parliament, with key emphasis on the review of the A-G's Reports. The caution, however, is that the PAC should not depend entirely on such donations since its continuous provision cannot be guaranteed. Moreover, in some instances agencies that have provided aid tend to interfere with the policies and programmes of the recipient organisation.

5.3.3 The Institutional Framework of the FAC

Pursuant to the FAA, 2003 (Act 654), five Financial Administration Courts were set up by the then Chief Justice, Georgina Theodora Wood in February, 2014. Two of the Courts have been set up in Accra and one each in Kumasi, Sekondi and Tamale as a Division of the High Court. The Kumasi Court is meant to address the needs of the Ashanti and Brong Ahafo regions while that of Sekondi serves the Western and Central regions. The Tamale Court is meant to serve the Northern, Upper East and Upper West regions. With regards to its workload, the FAC has the mandate to enforce recommendations of the PAC on the A-G's Report as approved by Parliament, and to make such orders as it considers appropriate for the recovery of monies, assets or other property due the Republic, among others. However, in an interview with a member of the FAC, it came to light that for over three years since the establishment of the FAC, the Court is yet to record a single case brought before it. According to the interviewee, the Attorney-General's department should be blamed for their inability to refer cases involving financial malpractices to the FAC, since the FAC cannot prosecute without the Attorney-General. Changes have also been made to the composition of the FAC. Section 661 (1) of the FAA, Act 654, vested power over the jurisdiction of the Court on a Justice of the High Court who served as the chairperson, a Chartered Accountant, Management Accountant and a valuer. In an interview with a member of the FAC, she revealed that this initial composition of the

Court was not right. In her opinion, judges have been trained purposely to determine cases. Therefore it was totally wrong to involve others with different backgrounds. Consequently, Section Three of Act 760 of the Financial Administration (Amendment) Act, 2008 (Act 760) repealed the Panel System and introduced the Single Judge System. The implication is that a sole judge would henceforth be responsible for handling cases involving financial malfeasance. On the issue of their independence, a member of the FAC interviewed confirmed that their recruitment, promotion, emolument and funding was tied to the judicial service of Ghana.

5.4 The Extent of Collaboration between A-G, PAC, FAC and CSOs

The A-G has been holding annual meetings with the PAC to brief members of the PAC on its reports. In an interview with a former chairman of the PAC, he revealed that the rationale for holding such meetings was to enhance effective collaboration between the two offices. He also stated that such meetings afford members the unique opportunity to get first-hand information on the reports instead of reading briefs on the reports alone. The office of the A-G also has an official who serves as a liaison officer between the offices of the PAC and A-G. The liaison officer has an office in Parliament. In an interview with an official of the A-G, he stated that the rationale for setting up an office in Parliament was to ensure that the two accountability institutions worked hand in hand in the coordination of their activities and sharing of relevant information that enhances effective public financial accountability. A higher level of co-operation and joint work also exist between the A-G's office and the CDD. In an interview with a director of the Centre for Democracy and Development (CDD) it was revealed that the CDD has been collaborating with the office of the A-G. Their collaboration mainly centred around reform proposals, especially on the declaration of Assets as enshrined in the 1992 Constitution. The Institute of Economic Affairs (IEA) on the other hand, has had some collaboration with the PAC. In an interview with an official of the IEA, it came to light that since 1994, the IEA in collaboration with the Parliamentary Centre engages the Public

Accounts Committee on an Annual Seminar Series aimed at improving parliamentary oversight.

All three members of the FAC that were interviewed stated categorically that the FAC did not have any collaboration with any of the institutions under study. This was as a result of their seemingly “nonexistence.” The key trend that runs through these collaboration exercises is the disengagement of all four institutions (Offices of the A-G, PAC, FAC and CSOs) on pertinent issues pertaining to effective PFM practices. Thus public financial accountability could be enhanced if a common platform is created for the collaboration of all the institutions mentioned.

5.5 Challenges Facing the Office of the Auditor-General

The fourth objective of this study was to examine some challenges facing the offices of the A-G, PAC and FAC and how they could be addressed to ensure effective PFA in Ghana. The Auditor-General, to a large extent, faces some challenges. First is the lack of total independence as discussed in this study. There is an urgent need for the A-G to have total independence without any interference from the Executive or any other person. The office of the A-G has occasionally witnessed some form of interference from the executive. For instance, the Audit Service Board is required to submit to the President the financial estimates of the Service. The President then lays the estimates before Parliament without revision, but with any recommendations that the President may deem necessary. However, the Ministry of Finance (MOF) interferes by exerting considerable amount of influence on the process, leading to significant unconstitutional revision by the President. In an interview with a former A-G, it came to light that in January, 2007, the A-G made a presentation to some development partners in Ghana, including the European Union, the World Bank and the Department for International Development (DFID) listing the violations by the Ministry of Finance. According to the former A-G an appeal was made to the development partners to intervene in such unconstitutional issues that had the potential of adversely affecting sound PFM practices. Thus the non-

interference by the MOF would ensure that the organisation achieves its core objective of promoting good governance, transparency and accountability. Second, the A-G is faced with the problem of lack of authority to enforce audit findings recommendations. In fact, the A-G lacks sufficient authority to ensure that audit findings and recommendations are acted on within the public financial management process. In many cases the A-G manages to conduct audits and make good recommendations for corrective action, only for these to be ignored or not fully implemented by the Executive. In fact many have termed the A-G's reports as an exercise in futility. As shown in (table one of the appendix), hardly has the recommendations of the A-G's reports been implemented. Third, the scope of work of the A-G as discussed in this study poses serious challenges to its performance.

The 1992 Constitution of Ghana defines the scope of work of the A-G to cover "all public accounts". The implication is that the volume and the range of work of the A-G are variable. Thus the scope of work grows in proportion to the number of public institutions or organisations to be audited and the range of work of those public institutions or organisations. For example, in 2004 the Electoral Commission increased the districts in Ghana from 110 to 138. Similarly, in 2010 the numbers of district assemblies were increased from 138 to 236. The additional district assemblies imply that audit services increased by little over twenty-five and seventy-one percent respectively. This has obvious resource implications if the A-G's office is to comply with its constitutional mandate to audit all public institutions and organisations. Fourth, a major impediment facing the A-G has to do with the revision of the organisation's estimates by the Executive before submitting it to Parliament. By law (Audit Service Act, 2000 (Act 584), sections 26 and 27) the Audit Service Board is required, "at least, two months before the end of the financial year, to submit to the President the estimates of the Service; and the President shall at least one month before the end of the financial year cause the estimates to be laid before Parliament without revision but subject to recommendations from the President."

However, the Ministry of Finance exerts considerable amount of influence on the process leading to significant revision by the President. Table 5.4 below shows the Audit Service proposed and approved budgets from 2012 – 2015.

In 2012, the Ghana Audit Service proposed a budget a little over Sixty-Seven Million Ghana Cedis. This amount was, however, slashed down to Forty-Seven Million, Eight Hundred and Ninety Four Thousand, Eight hundred and Fifty Nine, leaving a shortfall of Nineteen Million, Four Hundred and Eighty Seven Thousand, Five Hundred and Eighty Four Ghana Cedis. It must be noted that this trend runs through all the subsequent years, despite the provisions contained in sections 26 and 27 of the Audit Service Act, 2000 (Act 584).

Table 5.4: Proposed and Approved Budgets from 2012 – 2015

Budget	2012	2013	2014	2015
	GHC Million	GHC Million	GHC Million	GHC Million
Actual	67,382,443	69,691,512	119,407,259	130,382,443
Approved	47,894,859	51,552,919	119,115,792	125,527,610
Shortfall	19,487,584	18,138,593	291,467	4,854,833

Source: Audit Service Report, 2016

In addition to the above constraint is the problem of release of approved budget funds and payments to the A-G. After Parliamentary approval of the budget appropriation of the A-G, the Ministry of Finance releases funds to the Controller and Accountant-General to be paid to the A-G. The release of funds is often delayed and this hinders efficiency and effectiveness of the A-G. Thus apart from the budget cuts, the erratic payment patterns, as to when the funds are received also affect the A-G's independence. Five, the A-G faces a major challenge of

obtaining “financial clearance” before employing a new staff of the GAS. The Audit Service Act, 2000 (Act 584), Section 4 (1) (a) provides that the Audit Service “Board shall determine the structure and technical expertise required for the efficient performance of the functions of the Ghana Audit Service.” Notwithstanding this provision, the Ministry of Finance insists that the GAS obtain “financial clearance” from the ministry before employing the needed staff to the Service. Moreover, the Ministry of Finance further insists that in the absence of “financial clearance”, the GAS could only replace a separated staff with another of the same or similar status. For instance, a messenger could only be replaced with a messenger, while a director can only replace a director. The challenges facing the offices of the A-G, PAC and the FAC are addressed in chapter seven of this study.

5.5.1 Challenges Facing the Office of the PAC

Just like the office of the A-G, the PAC is also faced with some challenges that are discussed below:

First, capacity constraints: the effectiveness and efficiency of the PACs is also determined by the technical support they receive from the support staff. Members of the PAC are only twenty-five in number and therefore require the assistance of support staff before and after the Committee has conducted its oversight and accountability work. Other components of the Committee’s work centres around drafting of questions, logistic arrangement for hearing, drafting of resolutions and tracking the implementation of resolutions requires that the PACs has enough support staff. At the moment, the logistical support of the PAC seems to be woefully inadequate and insufficient. In an interview with a member of the PAC, it came to light that the PACs are mostly served by two support staff, which is not enough, considering the volume of work that need to be processed. There is also the challenge of lack of skills. The inability of the Committee to get the required skills ranging from information technology,

financial management and public administration to cover all aspects of their duties is a serious drawback.

Second, challenges with the shift of PAC members and support staff: Since the PAC mostly deal with issues that have taken place in the past financial years, institutional memory from members and support staff thus becomes important for the effectiveness of the Committee. When members and support staffs are being shifted from one Committee to the other, Committees turn to lose vital information, knowledge and skills which can be used as a “weapon” to make strong follow-ups, and to effectively track the implementation of resolutions. A member of the PAC stated in an interview that as a result of the recent elections in 2016 and the subsequent change in government, more than five experienced members of the committee had to be replaced with new inexperienced ones.

Third, budgetary constraint challenges: The PAC operates within a limited budget, which hinders their oversight work. During an interview with a PAC member, it was revealed that PAC’s inability to meet its budget requirements resulted in some members and support staff being denied the opportunity to attend training workshops to enhance their skills. Thus lack of budget means that few members and support staff would be elected or seconded for training programmes. Another key challenge is the fact that the PAC’s budget is dependent on Parliament’s budgetary allocations.

Four, challenge of work backlogs: Parliament’s programmes seems to be too congested and coupled with the lack of political commitment from members results in the increase of workload and backlogs. Dealing with the heavy workload and backlog could lead to compromising robust oversight and accountability measures, as a result of the limited time available to the Committee. In an interview with a former member of the PAC it came to light that the A-G’s reports comes under scrutiny late for any lasting impact due to a rigid system in

place. This problem according to the former member of PAC has resulted in a backlog of reports to be cleared. For instance, the committee's sitting in 2017 is dealing with 2015 reports.

Five, challenges with regards to coordination and implementation of reports: The PAC is challenged by its inability to coordinate effectively with the ARICs. This has led to the non-implementation of the Committees recommendations on the A-G's report. A former chairman of the PAC stated that "As part of measures to ensure that all institutions audited by the A-G comply with the Act, Parliament intends to constitute a monitoring team that will do follow ups after every public sitting and report to Parliament on actions taken by the ARICs. Where an institution has failed to comply with the recommendations, heads of such institutions will be identified and appropriately sanctioned." (Field notes, March, 2016).

Six, the challenge of partisanship: There is enough evidence to suggest that some decisions taken by the PAC are often influenced by political affiliation and factions within the PAC, and such decisions do not often represent the interest of the public. This statement was made known by a former member of the PAC during an interview. Such tendencies compromise the effectiveness and efficiency of oversight and accountability work.

Finally, the challenge of assurance and integrity over financial matters: PAC also faces the challenge of assuring the public that its work would lead to the sanctioning of public officials who have been found culpable of embezzling State funds. As discussed in this study, many of the A-G's reports and recommendations are yet to be implemented. Consequently, many have described PAC's public hearings as an exercise in futility. This situation has arisen as a result of the dormant nature of the FAC. The alarming evidence of corruption and misuse of public funds has dented the images of the PAC and the FAC.

5.5.2 Challenges Facing the FAC

The major challenge facing the FAC has to do with its inability to hear cases of public officers found culpable of financial malfeasance by the A-G's report on public accounts. Since February, 2014, the FAC is yet to sit on a single case. There is also a major challenge with regards to their existence. During the researcher's interviews, it came to light that many top public officials were not aware of the establishment and existence of the FAC. Another key challenge is the composition of the panel as discussed in the study. The FAC also faces the challenge of its inability to coordinate and collaborate with the other horizontal accountability institutions. As one of its members remarked in an interview, "Our inability to collaborate with other accountability institutions stems from our seemingly non-existence." (Field note, January, 2017). Finally, the FAC faces some challenges with regards to their functions. For instance, the Constitutional-legal framework on PFM does not explicitly state which institution is responsible for taking prosecutorial initiatives towards the sanctioning of public officials who have been found guilty of misappropriating State funds. This issue has always been a bone of contention between the PAC and the FAC. The findings, recommendations and lessons from the study (objectives five and six) are discussed in chapters six and seven of this study.

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CHAPTER SIX

RESEARCH FINDINGS AND DISCUSSIONS

6.1 Introduction

This chapter presents and discusses the major findings of the study. Key findings on the Constitutional-legal and the Institutional framework on PFA in Ghana are discussed in detail. The challenges facing the three horizontal accountability institutions also form part of the subject for discussion in this chapter.

6.2 Discussion of Key Findings

First, the study revealed that to a large extent, good public finance legislation exists within the PFM framework. The study found that the 1992 Constitution is a resilient foundation for good governance and accountability. However, some ambiguities and nebulous provisions and deficits in the document on issues relating to PFM needs to be addressed as a matter of urgency in order to make the Constitution more practical and relevant.

For instance, the 1992 Constitution of Ghana vests too much power into the hands of the executive arm of government. This has weakened the other two arms of government; Parliament and the Judiciary. In line with this study, the Executive's dominance over the budget and the appointment of the A-G has adversely affected the independence of Parliament's PAC and the office of the A-G. This finding is in line with the outcome of the Constitutional Review Commission (GoG, 2011).

The study also found that the FAA, FAR and the PFMA (Act 2016), to a large extent, have been well enacted to enhance transparency and financial accountability. The new PFMA (Act 2016) has been enacted with two key provisions to instil fiscal discipline and promote stability throughout the management of public finances. First is the creation of an office within the

Ministry of Finance (MOF) to handle public debt management and the publication of government debt and financing arrangements. Second, is the provision for the oversight of local government authorities, public corporations and state-owned enterprises. However, there are some loopholes in the FAA, FAR and PFMA Acts that needs to be addressed. For instance, the FAA, is silent on which institution should initiate prosecutorial initiatives on the A-G's reports. Furthermore, regime sanctions under the new PFM Act, 2016 (Act 921) is not deterrent enough. The minimum of six months and maximum of five years custodial sentence for public officials engaged in financial malpractices needs to be revisited. The study revealed that most public officials displayed outright disregard for established order in the conduct of public financial business. The study found out that such behaviour was as a result of the non-application of sanctions to public officials charged with financial malfeasance and the inability of State institutions to prosecute offenders, thus rendering PFM laws ineffective. For instance, a principal accountant at the Registrar-General's department, Tahiru Haruna, fraudulently transferred an amount of US\$ 163,510 from the foreign exchange account of the Department, into the bank account of his private company, Green Zone Construction Company Ltd.

Though the A-G recommended the recovery of the said amount with interest as well as the prosecution of the culprit, it came to light during an interview with a member of the ARIC that the culprit has neither refunded the amount in question nor has any sanctions been meted out against him. The findings of this study with regards to the existence of good public finance legislation, but lack of implementation concurs with a study by Andrews (2010) on PFM systems in Africa. That study found out that, though laws and processes may be in place in African PFM systems, yet they hardly ever affect actual behaviour. That is to say, legislation and procedures have been improved, but implementation has not yet been achieved.

Second, the study found out that there seems to be an apparent lack of political will and commitment on the part of the executive to support the implementation of financial legislation.

This observation is made manifest by the lackadaisical attitude of the Attorney-General in initiating prosecutorial charges against wrongdoers. It must, however, be noted that rules and regulations centred on public financial accountability do not operate in isolation and require supporting institutions and reforms to deliver the anticipated outcome. For instance, in 2013, GHC 118.8 million Ghana Cedis were lost to the State. Ironically, the Ministry of Justice and Attorney General's Department which should have led the crusade on prosecution was rather fingered for the highest incidence of cash irregularities, leading to the loss of GHC16,375,045.05 (GoG, 2013).

Third, the study further revealed that corruption and financial malpractices in the public sector was as a result of an ineffective and non-operational Financial Administration Court. Since its inception in 2014, the courts are yet to sit on any case, let alone sanction public officials found culpable of financial malfeasance. As already discussed, this problem has been exacerbated by the lack of political will on the part of the government and Attorney General's department to prosecute wrongdoers. For instance, in 2014, the previous government under former president John Mahama, directed the Attorney General and Minister of Justice to set up a special desk to investigate and prosecute all offenders who have been captured in the reports of the A-G. Three years down the lane, there seems to be no evidence of any high profile prosecution. The situation in Ghana at the moment affirms Brinkerhoff's (2001) assertion that answerability without sanctions is weak accountability.

Four, the study revealed that reports that are sent to the PAC delays unnecessarily. This assertion is captured vividly by a former chairman of the PAC. "They bring a report in July or August say in 2013 or 2014, you can't consider it until 2015. We've tried to clear our backlog and as we sit here it looks like we have moved to the level where we are now actually picking on 2014 reports and we haven't received 2015 yet" (Field work, January, 2017).

Five, the study also found that the A-G's reports are predictive in nature. An analysis of the reports covering a period of over ten years (refer to appendix, A-G's reports) shows that year-on-year, identical cases of misappropriation and embezzlement of public funds are documented within the same MDAs.

Six, the study revealed capacity constraints in all three institutions of accountability (A-G, PAC and FAC). The capacity constraint is manifested in several areas including lack of financial autonomy, inadequate office accommodation, poor library facilities, weak research base and lack of expertise on the part of some PAC members. Indeed, there is an urgent need for changes in the present system of financial management as a result of increases in government's budget and expenditure. Hence the need to resource the three institutions adequately.

Seven, the study found that most of the Audit Report Implementation Committee (ARICs) set up in the MDAs were ineffective. Up to date, some ARIC committees were yet to be formed in some ministries. Others that had been formed were not properly constituted. Yearly reports with regards to the follow ups of the status of recommendations had not been done. The 'status of recommendations reports' that the researcher came across were outdated. The inability of the ARICs to ensure that heads of institutions audited by the A-G pursue the implementation of matters in the A-G's reports, might have led to their dissolution and replacement with the newly constituted Audit Committees as spelt out in the new PFMA (Act 921). Prior to its dissolution, a former Chairman of the PAC hinted that the PAC together with the leadership of Parliament was putting up a team to monitor the work of ARICs to ensure the full implementation of recommendations made in the A-G's reports. This statement connotes some level of pessimism on the part of the ARICs in the discharge of their duties. This finding is consistent with a report commissioned by the Ghana Anti -Corruption Coalition Commission (GACC, 2011).

Eight, the study showed that the office of the A-G does not have total independence in line with international standards. The study revealed that a former A-G had been in acting position for three years (2006-2009). Such long period in acting position could easily affect his independence. The office of the A-G also lacks financial independence with regards to its budget and recruitment.

Nine, the study revealed that collaboration between the offices of the A-G, PAC, FAC and CSOs is generally weak and less developed. The finding of this study is consistent with a study by the DFID. According to the DFID's report (2005: 6), "the relationship between Supreme Audit Institutions (SAIs) and Parliaments is often one of the weakest links in the accountability chain".

Finally, the study revealed that to a large extent the Attorney-General's office is tainted by partisan considerations. The Attorney-General who is constitutionally mandated to execute all criminal prosecutions is an appointee of the President. The Attorney-General is also the Minister of Justice. This setback undermines his independence and prosecutorial function. Perhaps, this setback may account for the proposed creation of the office of an independent prosecutor by the newly elected NPP government.

6.3 Implications of the findings for Ghanaian Democracy

The findings of this study in summary reveals the presence of weak institutional structures, executive dominance over the legislature and the judiciary as well as corruption within the public sector in Ghana. The implications of the findings for Ghana's democracy are as follows;

Economic growth, development and Investments are impeded

Rising corruption in the public sector results in decreasing revenues for development as the citizens' incentive to honour their tax obligations dwindle when they witness the profligate and ostentatious lifestyles of public officials.

Increased foreign borrowing that causes balance of payment deficits.

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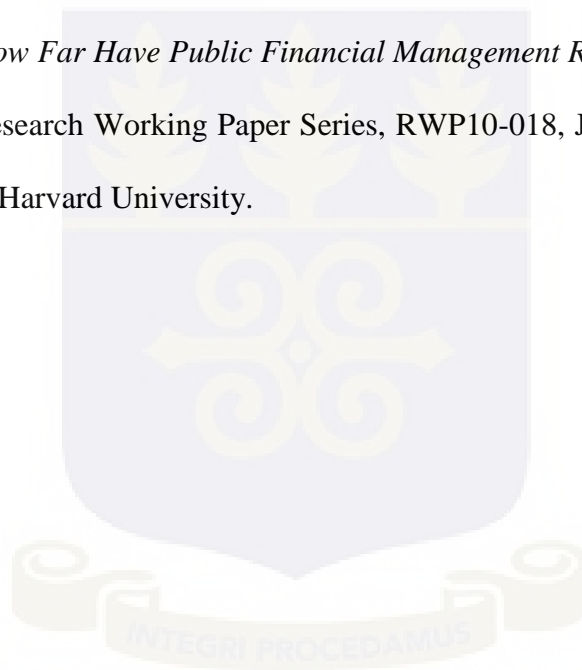
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CHAPTER SEVEN

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The justification for control and financial accountability in the public sector is to enhance economy, efficiency, effectiveness and value for money in the use of State resources. The ultimate goal is to enhance probity, accountability, sound governance and development. The work was carried out on the premises that, in spite of the existing horizontal accountability institutions and internal structures made available to enhance financial accountability within the public sector of Ghana, the Auditor-General's reports consistently reveal financial malfeasance, gross mismanagement and incompetence on the part of some public officials. The A-G's reports have consistently stated over the years that such deficiencies are as a result of weak internal systems of control. However, hardly have there been any detailed research that seeks to assess the Constitutional-legal and institutional framework under which these horizontal accountability institutions operate. This study thus argues that public sector malfeasance and inefficiencies does not only embody the quandary of internal control systems as spelt out in the A-G's reports, but also suggests a lack of enforcement of sanctions as well as capacity deficits within the aforementioned accountability institutions.

The aim of this study was to evaluate the constitutional-legal and institutional framework for promoting and enhancing public financial accountability in Ghana since the advent of the Fourth Republic in 1993. The examination of the constitutional-legal and institutional framework was based on:

- (1) An assessment of the 1992 Constitution of Ghana; Financial Administration Act, 2003; Financial Administration Regulation, 2004 and the Public Financial Management Act, 2016;

- (2) An assessment of the institutional framework of the offices of the A-G, PAC and FAC in terms of their mandates, capacity, independence, personnel and funding;
- (3) An examination of their degree of collaboration among themselves and that of Civil Society Organisations;
- (4) An examination of the challenges facing the three financial accountability institutions and how they have been addressed to ensure effective PFA in Ghana;
- (5) A discussion on the implementation of the findings; and
- (6) The lessons and their implications for the theoretical, comparative and empirical literature on PFA and accountability in general. These six aspects formed the specific objectives of the study, as well as the analytical constructs and themes upon which the study was carried out.

7.2 Summary of Findings

The key findings of the study can be summarised as follows. First, internal financial control systems are weak not as a result of ignorance about PFM laws or incapability on the part of public officials, but as a result of deliberate disregard towards the systems that have been put in place. Such impunity stems from the fact that the enforcement of sanctions are not effective. Indeed, the former A-G in his 2011 Report to Parliament stated that “The cataloguing of financial irregularities in my Report on MDAs and Other Agencies has become an annual ritual that seems to have no effect because affected MDAs are not seen to be taking any effective action to address the basic problems of lack of monitoring and supervision and non-adherence to legislation put in place to provide effective financial management of public resources” (A-G’s report, 2011: 15). From 2005 up to 2015 (latest A-G’s report), Ghana has lost over Two Billion Ghana Cedis (GH¢2,000,000,000) through the MDAs alone.

Second, the institutional framework under which the horizontal accountability institutions operate needs to be strengthened in terms of their mandates, capacity, independence, personnel

and funding. The ARICs are also weak and ineffective as a result of their composition and the lack of political will to pursue their mandate. It is therefore not surprising that the ARICs have now been replaced with Audit Committees per the Public Financial Management Act, Act 921 of 2016.

Third, though the collaboration between the offices of the A-G and PAC has somewhat been effective, the overall collaboration among the offices of the A-G, PAC, FAC and CSO is nothing to write home about. Generally, there is an absence of a well-structured institutional framework to enhance proper coordination, monitoring and reporting activities. Finally, the three accountability institutions examined in this study face some key challenges that have undermined their ability to function efficiently and effectively in ensuring sound public financial accountability.

7.3 Conclusion

A fundamental question engages our attention in this study: That is whether the constitutional-legal and institutional framework put in place to enhance public financial accountability in Ghana has actually achieved its purpose? There is no easy answer to this question. Ghana has invested in programmes aimed at strengthening PFM. The result is that the country is guided by sound Public Financial Management laws that have been enshrined in the 1992 Constitution of Ghana, the Financial Administration Act (2003), the Financial Administration Regulation (2004), Public Financial Management Act (2016) among others. However, the prevalence of corruption in Ghana tends to be a consequence of institutional, policy and system failures. Thus safeguarding the integrity of the PFM system necessitates rigorous enforcement of the regulatory framework and effective collaboration among stakeholders in the accountability chain. The conclusion of this study is aligned to the Agency Theory that postulates that granted an opportunity, agents (public officials) will act in a selfish way that may conflict with the principal's interest (State or taxpayer). This self-centred nature of public officials within the

MDAs accounts for the loss of billions of Ghana cedis to the detriment of the principal (taxpayer). Notwithstanding the self-centredness of most public officials as revealed in this study, it must be noted however that there are a few public officials within the MDAs with ethical and professional standards that are value driven, and serves as a guide in the performance of their duties. The behaviour of these public officials within the MDAs can be aligned to the stewardship theory.

7.4 Recommendations

The recommendations of this study are broken down into proposals for constitutional-legal and institutional changes. First, the study proposes the need for Parliament to create a database for all PAC reports and Periodic Status Reports on the implementation of the PAC's recommendations. This will enable easy verification on whether PAC's recommendations have been adhered to by the MDAs and other audited institutions. In line with this goal, there is equally the need to strengthen the capacity and resources of the PAC and the structure of the ARICs in order to effectively respond to the PAC's reports. Strengthening the structure of the ARICs would enable them undertake their implementation roles as stipulated in the Audit Act (682). This would imply the need to standardise the composition of the ARICs to ensure uniformity and clarity in their formation.

Second, the study proposes that staffs of the office of the A-G who carry out auditing services should be motivated to avoid the temptation of accepting bribes from their clients. It is sad to note that the former A-G in his 2014 report to Parliament lamented that his staff had to carry out auditing services using their own resources, and the executive had failed to reimburse them.

Third, to ensure that Civil Society Organisations work hand-in-hand with the three horizontal accountability institutions (PAC, A-G and FAC), the study proposes the need for both parties to take active interest in each other's activities, especially on issues that hinges on financial

accountability. A combined force would put pressure on the government to implement report recommendations.

Four, the study proposes the involvement of Parliament in the appointment of the A-G. In this direction, the President should act in consultation with members of the Council of State and also on Parliament's recommendations appoint the A-G. The study recommends that the appointment of the A-G should be on merit instead on patronage basis. The position of the A-G should only be for serving public officials in the public offices of Ghana. Such a personality should have continuously served as a public official for a minimum period of twenty-five years, while holding a top managerial position for at least five years.

Five, the study proposes the attachment of the emoluments of the A-G to that of Supreme Court judges, as being practiced in Canada and South Africa. The current practices whereby the salary and allowances of the A-G have been downgraded to those of an Appeal Court Judge should be reviewed.

Six, with regards to the declaration of assets by public officers, this study proposes that the role of the A-G in the Assets Declaration administration should be transferred to the Commission for Human Rights and Administrative Justice (CHRAJ).

Seven, the study proposes that the A-G should take steps to measure their own performance. As discussed in this study the A-G's reports relentlessly blame the internal control systems as the cause for financial malfeasance in Ghana. A holistic approach to this problem is for the office of the A-G to conduct a critical assessment of its role in enhancing public financial accountability in Ghana.

Eight, the study proposes that the PAC embark on capacity building for its members and support staff to ensure effective oversight. This could be done through training, professional skills development programmes and study opportunities. Such interventions would ensure

maximum efficiency in the interpretation of financial statements, draft resolutions, and the ability to track the implementation of resolutions taken. Improvement in the quality of oversight would ensure that fraudulent and corruption related activities are detected or prevented. Since the Constitution places a limit on the number of PAC membership, the committee could be adequately capacitated with more support staff such as researchers, committee coordinators and legal advisors. The support staff must be purposely recruited to represent the diversity of knowledge and skills; ranging from auditing, financial management, law, information technology and administration.

Nine, the study also proposes a broader scope of functions for the PAC. The PAC should have the mandate to carry out pre-emptive inquiries in the performance of its function as a watchdog Committee of Parliament in matters of public financial accountability. The Committee must be empowered to institute immediate investigation into any credible allegations with the view of preventing fraudulence and the misapplication of public resources. In line with this, any additional role of the PAC should be tied to increases in financial allocations and their capacity.

Ten, the study proposes an integrated partnership between the A-G, PAC, FAC and CSOs. Effective linkage between the offices of the A-G, PAC and FAC should be extended to the Attorney-General's office to improve on the prosecutorial and sanctioning function.

Finally, the study proposes the decoupling of the Ministry of Justice and the Attorney-General's Department. This recommendation though, is at variance with the proposal of the Constitutional Review Commission. The Commission recommends that the practice of combining the offices of Minister of Justice and Attorney-General may be continued at the discretion of the President.

7.4.1 Recommendations for Further Studies

The study was conducted within a defined period, 1993-2016 and on specific horizontal accountability institutions (the offices of the A-G, PAC and FAC). However, other accountability institutions such as the EOCO and the CHRAJ have been established to enhance public financial accountability (PFA) in Ghana. It is recommended that scientific studies are conducted to assess their impact in enhancing PFA in Ghana.



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APPENDIX A

UNIVERSITY OF GHANA

Department of Political Science

PhD Thesis

PHD THESIS TITLE: PUBLIC FINANCIAL ACCOUNTABILITY AND INDEPENDENT
OVERSIGHT INSTITUTIONS IN GHANA (1993-2016)

Interview guide for the offices of the Auditor-General, Parliament's Public Accounts Committee and the Financial Administration Courts

I am a PhD candidate at the Department of Political Science, University of Ghana, Legon. You are kindly entreated to help by taking part in the face-to-face interview that seeks to assess your institution's role in the enhancement of sound public financial accountability in Ghana's public sector. The purpose of the research is in respect of fulfilling the requirements for a Doctoral Degree. Please be assured that any information provided would be treated with the utmost confidentiality.

1. What capacity do you have as an Independent Oversight Institution in Ghana to enhance financial accountability in the public sector in the areas of:
 - Human Resource Capacity
 - Parent and enabling legislation
 - Financial Resource and other facilitation
 - Support from other government agencies and stakeholders

- Organisational structure/capacity
 - Training and Development
 - Reporting Requirements
2. In what ways has your Institution contributed in ensuring the establishment of legislation pertaining to financial accountability in the public sector?
 3. In what ways has your Institution ensured the implementation of policy relating to financial accountability in the public sector?
 4. What are the limitations to your institution's efforts in carrying out its constitutional-legal mandates?
 5. Does your institution collaborate with other Independent oversight Institutions on issues relating to the promotion of financial accountability in the public sector? If yes, in what ways? If no, not why?
 6. Can you describe the extent of collaboration that your institution has with civil society organisations (think-tanks) on matters pertaining to promoting financial accountability in the public sector? What are your limitations if any?
 7. How can your Institution improve its oversight function in order to enhance public sector financial accountability?

APPENDIX B

UNIVERSITY OF GHANA

Department of Political Science

PhD Thesis

PhD THESIS TITLE: PUBLIC FINANCIAL ACCOUNTABILITY AND INDEPENDENT OVERSIGHT INSTITUTIONS IN GHANA (1993-2016).

INTERVIEW GUIDE FOR GOVERNMENT/CIVIL SOCIETY ORGANISATIONS

I am a PhD candidate at the Department of Political Science, University of Ghana, Legon. You are kindly requested to assist by participating in the face-to-face interview that seeks to evaluate your agency's role towards the enhancement of financial accountability in Ghana's public sector. The research is conducted in respect of the need to fulfill the requirements for a Doctoral Degree. Please be assured that any information provided would be treated with the utmost confidentiality.

1. What specific roles do you think the offices of the Auditor-General (A-G), Parliament's Public Accounts Committee (PAC) and the Financial Administration Courts (FAC) play in fostering the Public officials' performance and financial accountability in the public sector?
2. How effective have the agencies of the A-G, PAC and FAC been in spearheading legislation, investigations, recommending and applying remedial sanctions on matters pertaining to the promotion of public officials' performance regarding financial accountability in the public sector.
3. What factors do you think limits the Institutions of the A-G, PAC and FAC in performing their oversight, supervisory and sanctioning roles?
4. What are the other potential difficulties in implementing measures designed to enhance public officials' performance and financial accountability in the public sector?
5. How can the A-G, PAC and FAC improve their oversight and sanctioning roles of ensuring that accountability and effective performance are enhanced in the public sector?
6. What role has your organization played in enhancing an effective collaboration between the offices of the A-G, PAC and FAC?

APPENDIX C

Ethics Committee Document



UNIVERSITY OF GHANA

ETHICS COMMITTEE FOR THE HUMANITIES (ECH)

P. O. Box LG 74, Legon, Accra, Ghana

My Ref. No.....

10th October 2016

Mr. Samuel Pimpong
Department of Political Science
University of Ghana
Legon

Dear Mr, Pimpong

ECH 003/16-17: PUBLIC ACCOUNTABILITY IN GHANA AND INDEPENDENT OVERSIGHT INSTITUTIONS 1993-2016

This is to advise you that the above reference study has been presented to the Ethics Committee for the Humanities for a full board review and the following actions taken subject to the conditions and explanation provided below:

Expiry Date: 30/08/17
On Agenda for: Initial Submission
Date of Submission: 15/07/16
ECH Action: Approved
Reporting: Bi-Annually



Please accept my congratulations.

Yours Sincerely,

Rev. Prof. J. O. Y. Mante
ECH Chair

CC: Dr. Bossman E. Asare, Department of Political Science

APPENDIX D**Auditor-General's Report (MDAs, 2005-2015)**

Report Year	Year of Release	Nature of the Problem (Findings)	Amount Embezzled in Millions GHC	Recommendations	Action Taken (Sanctions)
2005	2008	<p>Failure to institute internal financial controls.</p> <p>Non-existence and ineffective internal audit units.</p> <p>Poor supervision of accounting staff.</p> <p>Lack of coordination among unit heads.</p> <p>Non-conformance with PFM laws (procurement, tax, FAA and FAR)</p>	25,740,000		

2006	2007	<p>Major breakdown of controls over tax administration, cash management, procurement and payroll.</p> <p>Internal control weaknesses including weak supervision and non-adherence to rules and regulations governing cash management.</p>	27,977,000	<p>Strengthening of supervisory controls and other internal controls to minimise misappropriations.</p> <p>Prompt transfer of funds into the Consolidated Fund.</p> <p>Strict enforcement of FAA and FAR.</p>	<p>Subsequent reports revealed that internal controls remained weak and no disciplinary actions were taken against many corrupt public officials.</p>
2007	2008	<p>Poor internal control measures, leading to improper cash management, poor tax administration, payroll irregularities and inadequate procurement control functions.</p> <p>Laxity in expenditure control and flagrant disregard for financial regulations.</p>	348,580,148	<p>Internal controls including management supervision should be strengthened at CEPS, IRS and VAT (now GRA).</p> <p>Severe sanctions invoked against recalcitrant tax defaulters.</p>	<p>Subsequent reports revealed that many tax defaulters and corrupt public officials had not been sanctioned.</p>

		Lack of adequate supervisory control.		Strict adherence to financial regulations (FAA, FAR and PPA).	
2008	-	Difficulties in administering payrolls, managing loans and debts and collection of taxes for the State. Poor cash management and inadequate procurement control.	496,459,472	Strengthening of internal control systems to ensure compliance with FAA and FAR. Strict adherence to Public Procurement Act.	No action taken against public officials who received unearned salaries
2009	2011	Lack of proper internal checks and internal control weaknesses. Absence of an effective system to monitor revenue. Improper keeping of records. Lack of proper co-ordination among key departments.	396,057,572	Strict adherence to the provisions of FAA, FAR, Public Procurement Act and Statutory Tax Laws. Application of sanctions to recalcitrant public officials. Need to resource accounts departments, to	No action taken against officials that violated PFM laws.

		Management's disregard of the provision of the FAA and FAR.		enable them clear backlog of outstanding accounts. Institute measures which that would bridge the capacity gap of account officers.	
2010	-	Non-compliance with PFM laws. Lack of Internal checks. Poor cash management	173,174,541	Apply strict adherence to PFM laws	NO action taken against wrongdoers.
2011	2012	Non-compliance with financial and other regulations. Persistent systematic weaknesses and breakdowns in internal controls Poor cash management practices and inadequate controls over procurement, payroll and contracts	119,268,367	Intensification of coordination among units within MDAs Strict adherence to PFM laws.	No effective action taken as revealed by the A-Gs report.

		Failure of management of MDAs to sanction offending staff.			
2012	2013	Poor cash management practices, resulting in cash irregularities, tax irregularities and unauthorised payments.	395,718,552	Strengthening supervision and internal control procedures. Application of sanctions against offending officers. Strict adherence to FAA, FAR and Public Procurement Act.	No action taken against offending officers.
2013	2014	Poor cash management practices. Weak internal controls. Failure of management of MDAs to sanction staff.	118,800,000	Heads of MDAs should strengthen controls over collection and disbursement of cash	No action taken against heads of MDAs
2014	2016	1. Poor cash management and procurement practices leading to cash and payroll irregularities, outstanding debts and	252,786,588	Heads of MDAs should strengthen their internal controls to minimise the risk of	No Sanctions Applied, though some MDAs have put in

		loans, tax, contract, stores/procurement and rent payment irregularities (details in table 5.2).		recurrence, and pursue recovery of funds wrongly taken or not properly accounted for.	measures to strengthen internal control measures.
2015	2017	Poor cash management leading to payroll irregularities, outstanding debts and loans among others.	505,179,135	<p>Heads of MDAs should strengthen controls over collection and disbursement of cash.</p> <p>Intensification of coordination between Finance and Human Resource Units within the MDAs to prevent unauthorised payments.</p> <p>Stringent measures to recover all outstanding loans and debts.</p>	No action taken against loan defaulters.

APPENDIX E**Respondents**

Designation	Frequency	Percentage
Office of the Auditor-General (A-G)	7	20.0
Parliament's Public Accounts Committee (PAC)	10	28.6
Parliament's Finance Committee (FC)	3	8.6
Financial Administration Courts (FAC)	4	11.4
Civil Society Organisations (Think-tanks)	4	11.4
Pressure Groups	2	5.7
Ministries Departments and Agencies (MDA)	5	14.2
TOTAL	35	100