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*Role of the Legislature and the
Office of the Auditor General*

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EFFECTIVE BUDGET OVERSIGHT IN BOTSWANA: ROLE OF THE LEGISLATURE AND THE OFFICE OF THE AUDITOR GENERAL

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WHY IS BUDGET OVERSIGHT IMPORTANT?

INTRODUCTION

This policy brief discusses the effectiveness of public budget oversight in Botswana. It assesses the roles of Parliament and the Office of the Auditor General (OAG) in budget oversight and makes recommendations on how to improve the effectiveness of oversight of both organs. The policy brief uses data from the Open Budget Survey (OBS) 2012, and earlier indices to discuss the subject. The OBS is a global assessment of the openness of public budgets conducted biannually by the International Budget Partnership since 2006. Countries are ranked on a scale of 0 to 100 through the Open Budget Index (OBI). Botswana's OBI scores have been declining since 2006; 65 in 2006; 62 in 2008; 51 and 50 in 2010 and 2012 respectively. A score of 50, means that government provides only limited budget information. Insufficient budget information does not enable the citizens to effectively hold government to account for public finance, leading to accountability deficit.

This discussion of public budget oversight is carried out on the premise that public budgets are one of government's most important policy tools (Ramkumar, 2008), that 'budgeting is the single most important decision-making process in any governmental organization (Hyde, 2002:1)'. Budgets are thus instruments through which important decisions are made about resource allocations to the nation (Axelrod, 1995).

Budget oversight is discussed within the broader understanding of public accountability. The basis of accountability is giving an account of one's actions, where scrutinized actors explain and justify their behavior. They do so to report, explain and justify their exercise of authority, and are expected to submit to sanctions if the need arises. While oversight and accountability are often used interchangeably, oversight is the process of overseeing and monitoring those with power while accountability refers to the actual holding of actors to account. Oversight thus contributes to accountability.

Budget oversight should be understood under the realm of a principal-agent relationship. The citizens and government (particularly, the executive) are principal and agent respectively. One of the ways in which the citizens ensure accountability from the executive is through parliamentary oversight. However, the efficacy of parliamentary oversight is largely dependent on the system of government in place. Between the two extremes of presidential and parliamentary systems, the executive is more dominant over Parliament in the latter system. In the case of Botswana, which operates a hybrid system, executive dominance over the legislature is particularly heightened during the approval of both the budget and National Development Plans (Molomo, 2012).

Effective oversight of national budgets is important to ensure good public financial accountability. The ultimate responsibility of cultivating a culture of accountability lies with Parliament. Parliamentary oversight of the budget involves monitoring and review of the entire budget process; it is part of checks and balances system that ensures that there is accountability in the usage of scarce financial resources.

Agencies such as the OAG also play an important role in budget oversight, mainly because Parliament relies on the Auditor General to provide independent assurance that governmental activities are carried out, and accounted for, consistent with Parliament's intentions. Oversight ensures good governance through the following measures. It:

- i. Holds government to account in respect of how public finance is used.
- ii. Detects wastage within public agencies and can thus improve the efficiency, economy and effectiveness of government operations;
- iii. Ensures that public policies as authorized by Parliament are actually delivered. This function includes monitoring the

achievement of goals set by legislation and government's own programmes; and

- iv. Improves the transparency of government operations and enhances public trust in the government, which is itself a condition for effective policy delivery (Posner, 2007).

Table 1 below shows results of the OBI 2012 on the strength of both the Parliament and the OAG from a regional perspective. It shows that while the OAG is considered a strong performer in its oversight role, Parliament is considered a 'moderate' performer.

Table 1: Botswana's Budget Oversight Performance in a Regional Perspective

Country	Legislative Strength	SAI Strength
Angola	Weak	Weak
Botswana	Moderate	Strong
D. R Congo	Moderate	Moderate
Malawi	Moderate	Moderate
Mozambique	Moderate	Weak
Zambia	Weak	Moderate
Namibia	Weak	Strong
South Africa	Strong	Strong
Zimbabwe	Weak	Weak

In 2012, Botswana's Parliament obtained a score of 58 while the OAG obtained a score of 100. It will be shown at the Conclusions section however that even though the OAG received a score of 100 there are certain challenges that the office faces in its oversight role.

LEGISLATIVE OVERSIGHT ON THE BUDGET PROCESS

In any given year, the Appropriations Bill, which leads to the approval of the budget or the Appropriations Act, is arguably one of the most important documents placed before Parliament. It is important therefore, that Parliament takes its budget oversight function seriously as this mandate to call the executive to account especially on budget matters is enshrined in the Constitution. Sections 89, 119 and 120 of the Constitution of Botswana bestow upon Parliament, the powers to legislate, authorize budget appropriations

and expenditures and provide oversight of the budget. To this end, Parliament relies on its committees, particularly the Public Accounts Committee (PAC), and the Parliamentary Committee on Statutory Bodies.

The strength of the legislature on budget oversight is enhanced by effective performance on several indicators which include: consultations with the executive prior to the tabling in the legislature of the draft budget, research capacity, formal debate on overall budget policy, availability of time to discuss and approve the budget, legal authority to amend budget proposal, approval of shifts in expenditure budget and excess revenues collected, supplemental budget powers, authority to approve use of contingency funds, and scrutiny of audit reports (Open Budget Survey, 2012).

Notwithstanding executive dominance in public budgeting, the main impediment to legislative involvement in budgeting often resides in Parliament's incapacity to purposefully engage in the budget process. In Botswana, scholars and politicians alike have questioned the ability of Parliament to scrutinize the budget and hold the executive to account (Serema, 2000; Sebudubudu and Osei-Hwedie, 2006). A number of factors contribute to this challenge, including parliamentarians' overall lack of appropriate technical skills (Serema, 2000), and inadequate information for proper budget analysis (Kaboyakgosi, 2011). In instances where the information is availed, there is seldom enough time to scrutinize executive budget proposals. Another notable impediment to Parliament's role in budget oversight is that as the national assembly relies on the executive to implement some of the actions recommended by parliament, some of these are ignored.

The executive tends to overwhelm Parliament with information on the budget at the very last minute. Prior to the coming into force of Budget *Pitsos* (consultative forums) members of parliament, like the general public encountered budget proposals for the first time during the budget speech in Parliament (Phirinyane, 2005). The efficacy of the information presented during the budget *Pitsos* to assist parliament however is still questionable; the parameters informing the budget are largely absent as the information presented during the *Pitsos* is largely descriptive.

SUPREME AUDIT INSTITUTIONS AND BUDGET OVERSIGHT

Auditing has a significant role in public finance management (Ramkumar, undated). Like Parliament, the role of OAG also receives constitutional recognition. Audit Institutions are expected to conduct annual financial and performance audits to assess whether the executive has implemented the national budget according to the legislature's directives. A global best practice is for audit institutions to submit their audit reports to parliaments which in turn use their recommendations to hold the executive to account.

According to the International Organization of Supreme Audit Institutions (INTOSAI), audit institutions can accomplish their oversight role objectively and effectively if they have functional and organizational independence from the audited entity; the executive and its various departments, ministries, regulatory institutions and state owned enterprises. Audit institutions are however, often limited from providing effective budget oversight by factors such as restricted independence from the executive, limited engagement with the public and inadequate follow-ups on audit recommendations (Ramkumar, undated). Other challenges include: lack of capacity resulting from being underfunded, understaffed and under skilled. In developing countries, technical and political challenges also hinder effective oversight from the audit office.

In order to be seen to be independent the audit institutions must be both free from control or direction of the executive branch and free from political bias. Factors that may significantly affect both the perception and the fact of the independence and competence of audit institutions are:

- The process of appointment, suspension or removal from office;
- The term of office of the Auditor General;
- The determination of the Auditor-General's salary and conditions of employment;
- The ability to employ staff or other suppliers of services; and

- The process for determining the budget and work plans of the office.

The Constitution of Botswana establishes the Office of the Auditor General who is responsible for auditing and reporting on public accounts. The Auditor General has a strong legal mandate and powers to investigate and report on possible abuses and departures from the Finance and Audit Act and financial regulations designed to protect public interest (Phirinyane 2005). Once the OAG has made its assessments of public financial expenditures, it passes its report on to the Minister of Finance and Development Planning, who then passes it on to Parliament. The legislature through the Public Accounts Committee (PAC) scrutinizes such a report.

Challenges with the capacity of the OAG to effectively carry out its oversight function include that section 113 of the Constitution and the Public Audit Act, 2012 gives the President the power to solely appoint and remove the Auditor General from office, subjecting his tenure to the mercy of the executive. Another challenge is that the OAG depends on the Ministry of Finance and Development Planning (MFDP), another executive agency, for its financial resources, again with the possibility of compromising the independence of the OAG. Added to the foregoing challenges is that like parliament staff, the staff of the OAG falls under the Directorate of Public Service Management (DPSM), an executive agency, which also carries the possibility for executive control of the OAG. Lack of direct engagement of the public by the OAG as well as poor follow-up on its recommendations are other challenges to the effectiveness of the oversight role of the OAG, which by extension affects parliamentary oversight as Parliament relies on the OAGs reports.

CONCLUSION AND RECOMMENDATIONS

This brief discussed budget oversight, focusing on the legislature and the Office of the Auditor General. Observations were made to the effect that Parliament does not provide adequate budgetary oversight, due to its lack of research capacity, limited financial and human resources. On the other hand, the Office of the Auditor General faces a number of challenges in its budgetary oversight role, such as insufficient independence from the executive, lack of effective follow-up and support from the legislature and poor involvement of the public in its business. The following recommendations are made to improve budget oversight in Botswana:

- i. The executive should provide the legislature with the Executive's Budget Proposal at least six weeks, but ideally three months, before the start of the budget year;
- ii. The executive should involve legislators in the process of determining budget priorities;
- iii. Parliament should have a formal pre-budget policy debate prior to the tabling of the Executive's Budget Proposal;
- iv. The legislature should have a specialized budget research office to assist it with budget analysis;
- v. The Office of the Auditor General should improve the quality of the audit report by including an executive summary in it;
- vi. Communications by the Office of the Auditor General of audit findings must go beyond just publishing the audit report;
- vii. Thus the Office of the Auditor General should also publish actions taken by the executive to address audit recommendations.
- viii. Both Parliament and the OAG must provide opportunities for public hearings and testimonials during budget hearings;
- ix. The legislature must release reports on budget hearings;
- x. Parliament must have a role in the appointment and, dismissal of the Auditor General; and
- xi. The OAG must directly file his/her report before parliament.

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