

Role of Accountability Institutions in a democracy

We, the people of India, have given to ourselves a parliamentary democracy.

A democracy, of which all of us are so proud.

A democracy, which has consistently delivered near to double digit economic growth.

A truly vibrant democracy, in which each pillar has so very effectively performed its role.

We the people of India, have all the freedom that any model of a sovereign democratic republic can possibly enjoy.

The three pillars viz., the Legislature, the Executive and the Judiciary have steadfastly performed their roles.

The fourth estate has also been very alert and is growing increasingly assertive. In recent times, when the citizen has come centre stage, and the young urban middle class voice is wanting to be heard, the media has ensured that this voice is indeed heard.

The fifth estate, if it can be so described, in any democratic set up are always the over sighting and accountability institutions.

Every pillar in a democracy is expected to perform its given role, objectively and sincerely. Nevertheless, to assure the man on the street, and to provide him a comfort factor, an element of vigilante is routinely introduced. Such vigilante is exercised by specifically designed accountability institutions such as the Election Commission, the Vigilance Commission, Information Commission, a host of Regulatory Bodies and of course the Supreme Audit Institution, which in India is referred to as the organization of the Comptroller and Auditor General.

2. While some of these institutions of accountability derive their mandate directly from the Constitution, some have statutory backing. The Regulatory Institutions are created by Government by specific statutes to distance itself from the overseeing function and entrust it to a specialized body well versed in the technicalities of that particular sector. It could be a Capital Market Regulatory Body, Electricity Regulatory Body or Pollution control body. However, before we examine the role and relevance of these institutions of accountability, it would be worthwhile to spend a couple of minutes to peep through the pages of history to ascertain how these

institutions were conceptualized and have transformed themselves during the years.

3. The idea of governance and accountability is as old as organized government. Preservation of the resources of the king in ancient times was accorded top most priority. As early as in the third century BC, Kautilya in his magnum opus Arthashastra, had observed that human nature was disposed to acquire public money for private gain. He wrote: "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." He added: "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 servants, in charge of undertakings, misappropriate money."

Therefore, Kautilya went on to formulate a series of checks and balances in the administrative system. He wrote that "in all cases (where) an official has caused loss of revenue to the state...his property shall be confiscated."

4. In the Athenian state, concern for accountability of its officials was of paramount importance. Accountability of officials was the key to responsible government and unaccountability implied lawlessness. The officials were required to report on their actions ten times a year to the Assembly of the Citizens. If the explanations were found inadequate, the officials were subjected to trial by jury of their fellow citizens.

Aristotle wrote: "Some officials handle large sums of money: it is therefore necessary to have other officials to receive and examine the accounts. These inspectors must administer no funds themselves. Different cities call them examiners, auditors, scrutinees and public advocates".

In medieval England, we find that the concern for fiscal accountability was paramount. As early as the 13th century, Parliament had sought to scrutinize accounts and the attempts in the succeeding centuries met with an objection from Henry IV that 'Kings do not render accounts'. After the Glorious Revolution of 1688, the Commons felt that they 'might claim a more extensive

function, that of investigating the wisdom, faithfulness and economy with which grants had been expended'. This led to setting up of 'commissioners of accounts'. Later in 1780, the creation of statutory commissions by Lord North was a significant step in the process of accountability as these commissions were independent agencies as distinct from earlier political instruments.

5. In the modern day accountability refers to the processes, norms and structures that hold the population of public officials legally responsible for their actions and even impose sanctions if they violate the norms. Accountability becomes essential, to ensure a systemic oversighting of those entrusted with acting on behalf of government. It is a fundamental tenet of a modern and democratic society. In a democracy, the citizens elect a government and invest the elected representatives with the power to govern them. The government is, therefore, obligated to work in the interest of its citizens and deliver accountable governance. The government spends a huge amount of money in creating infrastructure, providing services and running various schemes for the welfare of its people. A large chunk of the government's money comes from tax which is

compulsorily collected from its citizens. The citizens need to know whether government funds were handled in accordance with rules and regulations and whether the programmes, projects and services are achieving their objectives economically, efficiently and effectively. The government is answerable to public on whether various development and welfare programmes are producing the expected results. Therefore, accountability of government, its agencies and public officials spending money is a key requirement in any democratic set up. Successive governments have created institutions of horizontal accountability to oversee the actions of one another and vertical accountability which involves citizens overseeing the actions of the State.

6. Most modern day democratic constitutions are based on the philosophy of separation of powers. The legislative accountability by Parliament or Parliamentary Oversight Bodies are exercised through hearings of Parliamentary Committees enacting laws and even visiting and expecting facilities. Judicial accountability is exercised by courts and through adjudicating cases, protecting human rights and assessing constitutionality of government decisions. Executive

accountability with Head of the State or Minister should be ensured through institutions such as Ombudsman or Human Rights Commissions.

7. Accountability institutions are the core institutions of a successful and performing democracy. The existence of strong and independent accountability institutions ensure that the government performs its duties in the interest of its citizens. Oversight by these institutions improves the economy, efficiency and effectiveness of government operations. These institutions detect and prevent poor administration, waste and leakages in the system. They provide a restraint on abuse of power and arbitrary behaviour. They prevent illegal and unconstitutional conduct and enforce standards of responsible and accountable leadership. The oversight institutions provide an independent mechanism to ensure that things move in the manner they are supposed to move and that the deviations to acceptable practices are identified and mid course corrections taken. Citizens are the ultimate stakeholders in their government and public trust is crucial to any government which wants to survive. Such independent institutions assure the public, that efforts are

directed towards achievement of national goals and help to build the trust of citizens in the system of government.

8. In exercise of their functions, these oversight institutions should not be subject to the direction and control of any other person or authority. It is important to insulate these institutions from inappropriate influences. Any attempt to dilute or resist oversight and challenge the credibility of accountability institutions will only be inimical to societal needs and concerns. The society today has become very aware and demanding. Accountability and good governance matter to people as never before. It is, therefore, in the interest of the Parliament to empower these accountability institutions and reinforce checks and balances in the system. These institutions must be granted autonomy and allowed to exercise the powers vested in them independently and objectively. They must be allocated the resources and skills required to improve their effectiveness. This will help to repose public confidence in the functioning of the government and will assure the man on the street about government's actions, decisions and performances. Moribund

and feeble institutions weaken the accountability mechanism and impede the progress of the nation.

9. We are at a critical juncture today. The ability of the system to enforce accountability cannot be challenged. Bottlenecks impinging on accountability have to be removed. Accountability cannot be relegated to a secondary position in pursuit of power and money. Typically people with vested interests in the system attempt to subvert the rules of government accountability on the one hand and free market competition on the other. Several transformational developments taking place in the country present opportunities for this section of players to try to divert decision making in government and public institutions for their personal agenda. These people then become the most insidious threats to a healthy democracy. It is, therefore, crucial that the accountability institutions must reposition themselves to the changing scenario and must assist to serve the interests of the public.

10. What has however, become undoubtedly more important is the concept of vertical accountability to check abuses by public agencies

and branches of government. Civil societies, NGOs, mass media and citizens, as they have demonstrated in the recent past, have become vital elements to enforce standards of good performance on officials. These groups are no longer the silent majority or willing to live in the shadows any more. They have become very assertive. They have started questioning decisions of officials and are playing an active role to hold the government to account. They are engaging actively with the government and demanding accountability. These groups through their increased awareness, collective action and new forms of participation are assuming a significant role in building greater accountability in policy implementation and delivery of services. Demand for accountability from an active citizenry has posed new challenges to the government and is acting as a catalyst for changing the cultures of accountability and deepening democracy. This is indeed the old order changing, yielding place to the new. The era of a new, discerning and demanding class of citizen, has come to stay.

11. Audit is a powerful tool of good governance. Accountability and transparency, the two cardinal principles of Good Governance in a

democratic set up depend for their observance, to a large extent on how well the public audit function is discharged. An effective audit, strengthens governance, by providing for accountability and protecting the core values of government. It helps in enhancing transparency in operations of the government and bringing to light improprieties committed by persons holding high positions. It plays a significant role in safeguarding the interests of various stakeholders thereby facilitating good governance. For any vibrant parliamentary democracy an effective system of accountability of the Executive to Parliament is fundamental. It is in this background that Parliament decided to create an independent authority in the form of the Comptroller & Auditor General under Article 148 of the Constitution. The Comptroller & Auditor General's external audit provides confidence by which Parliament, on behalf of the tax payer, scrutinizes how Government uses the money voted by it and holds the Government to account. It is a critical link in the chain of public accountability in our democratic system of government.

The increasing complexity of the public sector environment has also presented challenges to audit. It is important to respond adequately

to meet the expectations of people and the requirements of Parliament. We in the public audit and accounts set up have, therefore, recently undertaken certain initiatives and innovations to ensure that we remain abreast with present day dynamics. We have been proactive in assisting the Parliament and the government to strengthen the accountability mechanism and add value to the governance.

12. The focus of Audit has undergone a major change during the last few years. Due to massive outlays on socio-economic development activities, the attention has shifted into the areas of Performance Audit. Performance Audit is assessment of the operational performance of the Government against pre-established goals and is important for judging its accountability in delivery of programs and services to people. Performance Audit provides an early warning system to the administrator and is a tool for improving Government's accountability to public. It helps the Government to ensure *that their operations are effective and efficient*. The Audit Department has carried out comprehensive performance evaluation of major flagship programmes of the Government. The focus is on

issues that affect the well-being of fellow citizens—issues that touch their day-to-day lives like food, health, education and employment. These reviews provide meaningful recommendations to the Government for mid course corrections. A central thrust of evaluation of development programmes is to place more emphasis on what taxpayers get for their money by focusing on outcomes. The Department has taken measures in upgrading its auditing techniques and methodologies to address the issue of measuring performance outcomes.

13. In recent years the demand for social audit has grown due to the steady shift in devolution of Central funds and functions relating to socio-economic schemes to the local tiers of Government – Panchayati Raj Institutions, Urban Local Bodies and other special purpose agencies set up by the Government for implementation of specific schemes. Government, in fact, has been proactive in wanting to introduce social audit. In view of the size, scale and extent of implementation of Governmental activities in a country like India, in spite of the availability of a large human resource pool, it is not possible for the Government audit to be as extensive and detailed as

required to ensure complete grassroots level accountability. In recognition of this reality and a gradual creation of consciousness among people of their own rights and powers, the Audit Department has strengthened the concept of social audit. Social audit is being brought into the mainstream of auditing by the Department as an essential process in audits of social sector programmes. Social audit strengthens and adds depth to CAG's audits. It has helped the department to overcome the limitations of not being able to reach the beneficiaries for their perception and verification of delivery of the programmes, including the existence of the community assets and their actual utilisation. It has afforded an opportunity to strengthen the micro level scrutiny of the programme planning, implementation and monitoring. Social audit has provided yet another mechanism to the traditional processes of ensuring public accountability through departmental and legislative channels.

14. It is also our firm belief that our mandate is not merely to prepare reports and place them in the legislature. The constitutional mandate places a larger responsibility on us: that of holding the government financially accountable to the legislature. It enjoys

upon us to keep the ultimate stakeholder viz., the man on the street, apprised of the outcomes of government spending and not merely conduct expenditure audits. Thus to sensitise public opinion, we have taken steps to disseminate audit findings to citizens groups, non-governmental bodies, educational institutions and the media. It is with this objective in mind that we have devised what are commonly referred to us as "Noddy Books" which provide a snapshot of our salient audit findings and recommendations. These "Noddy Books" also prominently display good practices adopted by implementing agencies and provide a channel for dissemination of these practices to other institutions implementing such projects. We believe that such an initiative, to sensitise the interested stakeholders has, served as a force multiplier for us and helps to promote accountability and good governance.

15. As an institution which performs oversight functions, we are conscious that we keep upgrading ourselves and that our systems and methodologies remain robust and foolproof. Hence, we had requested Supreme Audit Institutions of other countries to do a Peer Review of our organisation. The Australian Auditor General acceded

to our request and put together an international team comprising members drawn from *the SAI's of Australia, Canada, Denmark, Netherland* and the *United States* to do an in depth peer review of the procedures and practices of the CAG of India. Our endeavour is to keep aligning our processes and work practices with the best in the world to be an effective institution for enforcing accountability in the system of governance.

16. Worldwide, governments have empowered supreme audit institutions in response to the changing models of governance and the rising demands of citizens for greater transparency and accountability. Mandates of several national auditing offices have been broadened to secure not only the legality and probity of government spending but also its efficiency and effectiveness. In the U.K., the CAG was formally appointed an Officer of the House in 1983 and was given the powers to report to Parliament, at his own discretion on the economy, efficiency and effectiveness with which government bodies used public funds.

A symbolic demonstration of how public audit has evolved to bring into focus its accountability role is the repositioning of the Supreme

Audit Institution of the United States. The erstwhile 'General Accounting Office' was redesignated as the 'Government Accountability Office'. In July 2004 in USA, several proposals were introduced in the 110th Congress to augment the mandate of the external auditor. Explaining the metamorphosis in the institution, Mr. David Walker, the former Comptroller General wrote, "In fairness, GAO did primarily scrutinize government vouchers and receipts in its early years. The days of accountants in green eyeshades, however, are long gone. Although GAO does serve as the lead auditor of the U.S. government's consolidated financial statements, financial audits are only about 15 percent of GAO's current workload. Most of the agency's work involves program evaluations, policy analyses, and legal opinions and decisions on a broad range of government programs and activities both at home and abroad. The scope of GAO's work today includes virtually everything the federal government is doing or thinking about doing anywhere in the world".

In Canada, the Parliament passed the Federal Accountability Act in December 2006 to amend the Auditor General Act to give the Auditor General authority to conduct performance audits.

The Australian National Audit Office in its centenary celebration published a book, "From Accounting to Accountability" to record the change over the last century from an emphasis largely on compliance to one based on value for money and accountability for performance.

17. As I conclude, I stand before you today to remind you that we are poised at that juncture in Indian history where the pledge of the framers of our Constitution places a huge challenge before us. The challenge is that we were entrusted with the blessing of democracy which brought with it an opportunity to practice and succeed in self governance.

Today, we need to remind ourselves that democracy is an experiment in government, which succeeds or fails on its own merit: On the merit of the people who need to actively engage in nation building:

On the merit of those in whom, we place that fiduciary trust to control public moneys and thereby our welfare itself:

And, on the merit of the institutions that we create to ensure that indeed all actions and programmes of government are architected for the good of the people.

I stand before you to remind you that there is really no Bharat or India. We are one homogenous whole. We the people, along with our geographical boundaries, constitute the nation and, We the people, have given unto ourselves a Government or the State. This responsibility enjoins upon us to ensure that the State works for our benefit,

that the nation can never be subjected to the state

and, our institutions are strengthened to ensure that those in whom we place the trust to administer on our behalf indeed do, so placing our welfare as paramount.

I stand before you to remind you that ultimately it is We the people, whom posterity will hold accountable, if today, we do not ensure that we bequeath the Gen Next, an India richer, in all respects, than what we inherited.