

Parliamentary oversight of public expenditure management: A focus on the security services

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This paper argues for effective parliamentary oversight of the expenditure of the security services. It discusses the general principles of public expenditure management and submits that, as the security services render a public service using public monies, they need to be subject to the same principles. The most important of these principles in relation to the security services are those of transparency and accountability. The security services are, however, involved in sensitive issues of state security and some modification in the application of these principles can be substantiated. Not detracting from the principles of public expenditure management and parliamentary oversight, special provisions regarding the management of security expenditure can be instituted. These include special legislation, the conduct of closed parliamentary committee meetings, and the institution of special parliamentary committees. The fundamental question is, however, 'who decides'. The paper argues that the answer to this question lies squarely in the domain of parliament, which should ultimately decide on any deviations and exclusions from these principles as related to the security services.

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Introduction

The essence of the science of economics is that, globally, there are more needs and requirements than resources. This compels one to use resources efficiently and economically in order to obtain the maximum benefit.

The need for the economic management of resources, though global, is even more acute when it comes to public monies – specifically in the developing world. In Africa, for example, the needs for development, social upliftment and improved levels of welfare are great and available economic resources restricted, making effective and efficient public expenditure management crucial for the wellbeing and human security of the continent's people.

Owing to this scarcity of resources and the need to use these resources effectively and efficiently, the fundamental consideration in public expenditure management is that, as governments spend public monies, they should do so for the public good. This demands that the people have a say in the spending of their resources, essentially through the oversight and control of public expenditure by their elected representatives.

If this statement holds true for public expenditure management in general, the question arises as to whether it can be applied to the security services. The paper looks at the principles of public expenditure management in general and then considers their applicability to the security services, as well as the need for any deviations, adaptations and special procedures. It places special emphasis on the principles of transparency and accountability, as well as on the role and responsibility of parliamentarians in the oversight and control of public expenditure management.

The principles of public expenditure management

As stated, the essence of parliamentary oversight of public expenditure management is that governments manage public money for the public good. To ensure that this end is being achieved, it is necessary to work according to generally accepted norms and guidelines for best practice. To assist parliamentarians in this regard, the following widely accepted principles of public expenditure management need to be kept in mind at all times:¹

- *Comprehensiveness*: Budgets must encompass all financial operations of government; off-budget expenditure and revenue are prohibited.
- *Discipline*: Decision-making must be restrained by resource realities over the medium term; the budget should absorb only those resources necessary to implement government policies, and budget allocations should be adhered to.

- *Legitimacy*: Policymakers who are in a position to change policies during implementation must take part in the formulation of the original policy and agree with it.
- *Flexibility*: Decisions should be deferred until all relevant information has become available.
- *Predictability*: There must be stability in general and long-term policy and in the funding of existing policy.
- *Contestability*: All sectors must compete on an equal footing for funding during budget planning and formulation.
- *Honesty*: The budget must be derived from unbiased projections of revenue and expenditure.
- *Information*: There should be medium-term aggregate expenditure baseline against which the budgetary impact of policy changes can be measured; accurate information on costs, outputs and outcomes should be available.
- *Transparency*: Decision-makers should have all relevant information before them and be aware of all relevant issues when they make decisions; these decisions and their bases should be communicated to the public.
- *Accountability*: Decision-makers are responsible and accountable for the exercise of the authority provided to them.

As with all principles, these principles are based on general truths that have been observed and evaluated over time. As general truths and guidelines, they should be considered for all situations and only adapted or ignored if there is a strong case to be made for such changes. As is often argued in considering the well-known principles of war during the planning and conduct of military operations, “adherence to these principles will not always guarantee success, but to ignore them is a sure recipe for failure”. These principles are therefore the ideals that public officials should have in front of them as a guide when dealing with public finances. Most probably, no public expenditure system anywhere in the world will get top marks on all ten principles, but this does not detract from the need to seriously consider them when designing and managing public expenditure management systems and procedures. The point is to progressively improve adherence to these principles and to deviate from them only when well-founded reasons can be argued and agreed.

Parliamentarians and parliamentary committees have a crucial role to play in ensuring that national budgeting and expenditure control policies, processes and procedures adhere to these principles. They do so through interrogating the budgets of national

departments, ensuring budget alignment with approved and promulgated policy, and monitoring and overseeing the execution of approved plans and budgets, as well as through their crucial role as members of the parliamentary committees on public finance that scrutinise and consider the reports of the Auditor-General. In so doing they can evaluate the degree of comprehensiveness, legitimacy and honesty of budgets and plans, enhance discipline, predictability and flexibility, and ultimately ensure transparency and accountability in the management of public monies. Budgets are the ultimate expression of policy, and who controls them *de facto* controls policy implementation. This belongs in the hands of the elected and accountable representatives of the people.

Public expenditure management and the security services

Whereas these principles and their application is normally easily agreed and accepted, the question is often raised whether they also apply to the security services. Do considerations of national security, threats against the national interest and secrecy obviate these principles from being applied to the security services? If the answer is not a firm yes, it can be further asked whether these principles should be modified and, if so, how. Finally, the question is: 'What is the role and responsibility of parliament and parliamentarians in approving and overseeing such modifications?'

The basic approach to answering this question should be that 'the security services are a public good using public monies and should equally be governed by the principles of good public expenditure management'. According to Nicole Ball, "sound financial management of a country's entire security sector is essential if the country is to have effective, efficient and professional security forces that are capable of protecting the state and its population against internal and external threats. Highly autonomous security forces that are able to act with impunity in the economic and political spheres are invariably professionally weak and bad value for money."²

In general, the governance of the security sector should recognise that the security forces should be accountable to elected civil authorities and civil society and should be transparent in security-related matters. There should be an acceptance of the clear hierarchy of authority between civil authorities and the security forces, and a clear understanding of the mutual rights and obligations of civil authorities and security services. The civil authorities should have adequate capacity to exercise political control and constitutional oversight of the security sector and there should be adequate capacity within civil society to monitor the sector and to provide constructive input into political debate on security policies.

As the security sector is a subset of the state and security policy formulation, planning and budgeting must occur within the broader national policy and national fiscal framework.

If this were not done, it would be impossible to achieve alignment of government policy and ensure that public monies are spent according to national priorities.

The two principles of public expenditure management that are most often contested in the security environment are those of transparency and accountability. Those opposing or questioning the applicability of these two principles to the security forces will argue that such issues as threats, state security and the defence of the country, as well as the need to know, are overriding and that these principles are therefore either not applicable or have a limited application. On the other hand, there are those who will argue that these principles are especially applicable to the security services, as they hold a monopoly on force and capacity for violence of the state. In addition, adhering to these principles could serve as important confidence and security building measures in the regional security context, enhance the efficiency of the security services, and build the generally elusive national consensus on security issues. It will also ensure that the security services and their activities are synchronised with government and public priorities.

The question arises: 'Who is right and who is wrong?' The answer probably is that both approaches are essentially correct and that it is a matter of degree rather than principle. Obviously, transparency and accountability are crucial issues in the allocation and management of defence resources for all levels of planning, programming and budgeting. If defence resource allocation and management are not transparent, defence will never be able to achieve public support or the cooperation and support of broader government. If defence is not accountable to government and the people, it becomes a cause unto its own and will not be aligned with national interests and priorities. It will be easily corrupted and decision-making will be easily manipulated to serve self-interest. Civil involvement and control of overall budget decisions, as well as careful auditing at all levels, can help ensure that resources are actually used to accomplish policy objectives.

Yet the arguments about state and national security are real – internal and external threats to peace, security and stability do exist and there are requirements for confidentiality and secrecy. This moves the question from the simple need for transparency and accountability to the issues of degree and 'who decides' ...

Regarding degree, we submit that the largest part of security policies, plans and budgets should be totally open and transparent. The issues of personnel numbers and costs; capital and infrastructure procurement and acquisition; general force and institutional preparation; and development and general management and administration should be totally transparent and subject to parliamentary scrutiny. Only issues of specific capabilities (the winning edge), operational preparedness, and specific operational and contingency plans and activities can be afforded a degree of confidentiality. And then, such confidentiality and secrecy should only be allowed in the domain of the general public and never from their elected representatives – the legislature.

The issue of ‘who decides’ is of the utmost importance. Admitting to the need for confidentiality and secrecy – as needs to be done – should never empower the security services to decide themselves what should be transparent and what not. This is not even a decision in the exclusive domain of the executive. Only the elected representatives of the people, the legislature, should have this right and authority. If this principle is not adhered to, it makes nonsense of the concept of democracy, the fundamentals of public responsibility, and the ideal of governance for the people, by the people.

But how can the issues of degree and authority be formalised and exercised in practice? The answer to this probably lies in three domains: the provision of a legislative framework for access to information; the vigorous exercise of the authority vested in the elected representatives of the people; and the acknowledgement and acceptance of joint responsibility for security by the executive, the legislature and the people.

Let us now address the key issue for the success or failure of responsible and effective management of public expenditure in the security sector, namely parliamentary oversight and control.

The roles and responsibilities of parliament

The fundamental role of parliament is that of legislation and oversight. In democratic societies, parliaments approve policies, laws and regulations at national level, and should also monitor and oversee their implementation.

In the case of public expenditure management in the security services, parliaments and parliamentary committees have the following roles and responsibilities:

- Parliaments should, through the committee system, participate in the formulation of national security, defence and public safety policy and legislation. Furthermore, parliaments should ultimately approve such policies and laws.
- Parliaments should ensure that public finance management, public service and access to information acts and regulations are in place to guide the processes of planning, budgeting and control of national departments, including the security services.
- Parliamentary committees should be briefed about strategic plans for the security services, including personnel, infrastructure and acquisition. In the absence of such long-term plans, budgets are meaningless and ad hoc in nature, often leading to fruitless expenditure.
- Parliamentary committees should regularly visit the security services at their bases, offices and other places of work to remain abreast of developments. Visits and

inspections should be both pre-arranged and impromptu to receive inputs from all levels.

- Parliaments should appoint independent experts to advise parliamentarians and parliamentary committees on issues of policy and budget. Submissions should be requested and public hearings held to ensure the broadest involvement of the public in security policy-making.
- Parliamentary committees should scrutinise budgets and parliaments should ultimately approve all national departments' budgets.
- Parliaments, through their public finance and accounts committees, should scrutinise all reports by the Auditor-General and call the executive to account for all irregularities found during the audit process.

To adhere to the principles of transparency and accountability and yet allow for the special needs of confidentiality required in certain matters of defence and security, special measures can be implemented. These include:

- The provision of legislation guiding the issues of security classification and determining the authority and procedures for decisions relating to secrecy and non-disclosure of information. In South Africa, the Access to Information Act,³ as approved by parliament, provides this framework for decision-making. It ensures that the right to secrecy is vested in the proper authorities.
- The holding of closed meetings by parliamentary defence and security portfolio committees. This allows for a high degree of confidentiality while adhering to the principles of transparency and accountability to elected representatives.
- The appointment of special committees in cases of very sensitive issues. This mechanism once again balances the needs for secrecy and sufficient transparency and accountability.

The ultimate question remains, 'who decides?' Transparency and accountability do not imply that everything should be in the public domain. Even though as much information as possible should be open to the public in the interest of good governance and national consensus, there are certain sensitive issues which should be treated differently. These should still be subject to transparency at the appropriate level and to accountability to parliament. The levels of confidentiality and appropriate procedures should be approved by parliament. Parliamentary oversight should never be surrendered.

Some obstacles and difficulties will be encountered in the process of oversight and control. These need to be dealt with in a firm yet cooperative manner.

- First, much defence and security planning and budgeting occurs in a vacuum – an absence of a constitutional framework and of security policy and legislation. It is therefore difficult to interrogate and evaluate plans and budgets.
- Second, there is a lack of policy and regulation regarding public service and public finance management on the African continent.⁴ This results in the introduction of ad hoc processes, as well as procedural inconsistency among national departments. It allows the security services to ‘do their own thing’. In South Africa, the existence of the Public Service Act and the Public Finance Management Act and related regulations avoids this pitfall and has greatly contributed to an exceptionally high degree of transparency and accountability in the plans and budgets of the security services.
- In the third place, lack of expertise can hamper parliamentarians from effectively engaging with and overseeing security management. This can be resolved by the use of outside expert analysts and advisors, increasing the research capacity of parliaments and – importantly – by improving the relations between parliament and the security services through regular visits, interchanges and workshops.
- Lastly, security functionaries who do not understand the principles of civil oversight and control can be disruptive to these processes. This can best be addressed by improving relations between parliamentarians and officials through regular interaction, instituting civic education programmes at all levels of the security services and replacing ‘resistant to change’ officials with more progressive individuals.

The bottom line is that the creation of healthy relations between the security services and parliamentarians is fundamental to good civil oversight and control and also to good public expenditure management in the security services.

Conclusion

The ultimate aim of the management of the security services should be the establishment of appropriate, adequate, accountable and affordable services that are professional in the conduct of their duties and operate within the principles of security in a democratic environment. This entails, among other things, security services subject to the principles of public expenditure management and not highly autonomous and non-transparent institutions.

In a democracy, the role of parliament is to approve policies and legislation as well as strategic plans and budgets for the security services. Parliament should also oversee the execution of such policies and plans, as well as expenditure. As budgets constitute the

ultimate expression of policy, the oversight of the management of public finances in the security services of a nation is of the utmost importance and requires special attention by parliamentarians. Security and finance committees therefore have a crucial role to play in the oversight of public expenditure management in the security services.

The main obstacles to good public expenditure management include the absence of constitutional, legislative and policy frameworks; the hiding of defence expenditure and income; lack of expertise, staff and facilities; lack of control and responsibility; and convoluted defence information.

The most effective solution to this problem is a commitment at all levels to national interests and objectives and the development of clear and transparent planning, programming and budgetary processes and the required systems to implement and oversee them. These processes must of necessity be aligned with the national management framework.

Notes

- 1 Poverty Reduction and Economic Management Network, *Public expenditure management handbook*, World Bank, Washington, DC, 1998, pp 1–2, <www1.worldbank.org/publicsector/pe/handbooks.htm> (as quoted from the Stockholm International Peace Research Institute (SIPRI) study, *Budgeting for the military sector in Africa – The processes and mechanisms of control*, chapter 2, box 2.1), p 16.
- 2 Nicole Ball, in W Omitoogun & E Hutchful (eds), *Budgeting for the military sector in Africa – The processes and mechanisms of control*, SIPRI, chapter 2, p 14.
- 3 Promotion of Access to Information Act, 2000 (Act 2 of 2000).
- 4 Omitoogun & Hutchful, op cit, chapter 11.