

**PUBLIC ACCOUNTS COMMITTEE (PAC) OF A MALAYSIAN STATE: AN
EXPLORATORY ANALYSIS**

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Abstract

Of the three legislature's functions, unlike representation and law-making, oversight is particularly related to PACs. As a strong committee of legislature, PACs can emerge as a potential structural solution to the need of the State Legislative Assemblies (SLAs) to monitor the financial conducts of the state governments. However, to do so, studies have suggested that PACs' institutional designs and capacity building are among factors to be improved to promote PACs' effectiveness. Within Malaysian PACs context, much about the related situations is not known for sure due to lack or limited exploration on the matter. Thus, besides attempting for an exploration of PAC practices in general, one of the Malaysian state government's PAC institutional settings and capacity are explored in order to illuminate the state of affairs. Generation of data to address the topic under study is based on interviews, observation and also use of documents. Such information gives this research a knowledge base to launch further inquiries into future research initiatives regarding the topic.

(General Topic: Public Sector Accounting, Government, Governance)

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1. Introduction

Scholars have a propensity to agree that three functions common to parliaments are representation, law making, and oversight of government spending and performance. The third function, which promotes legislature's financial oversight of government's actions, has led to research that systematically analyzed the conditions that encourage or discourage oversight by parliamentary committees such as the Public Accounts Committee (PAC). It is apparent that much of the research conducted on legislative committees was more orientated to other diverse systems of government such as presidential or semi-presidential systems. Studies have shown that systems of government influence the types and roles of committees in different legislatures (Ward, 1959; Bibby, 1966; Rosenthal, 1973; Adler and Lapinski, 1997; Wehner and Byanyima, 2004; Johnson, 2005). Johnson (2005) claimed that a common problem in developing countries is that legislatures are usually weaker than the governments.

2. Literature on PAC and its effectiveness

The structure and functions of PACs within the parliamentary systems were first established following the reforms made by William Gladstone when he was the British Chancellor of the Exchequer, in 1861 (Ward, 1959). Nowadays, even the non-Commonwealth countries seem to replicate such establishments for the purpose that PACs were initially made to perform. The United Kingdom, Canada, Hong Kong, India, Fiji, South Africa, Singapore, Australia, Denmark, France and Malaysia are examples of countries with such committees. PACs are commonly formed as a tool for ensuring transparency in the government operations by most

Commonwealth countries (McGee, 2002; Stapenhurst and Saghal, 2002; Jones and Jacobs, 2005). They exist to hold the authorities to account for the lawfulness, efficiency as well as effectiveness with which they use the public money and stores. Regardless of under which country they were established, the committees normally recommend improvements to the efficiency and effectiveness of government activities.

In doing so, a key part of PAC activity is following up aspects of the Auditor General's Office (AGO) Reports to the parliament. In addition, PACs may also receive referrals from the Legislative Assembly to undertake inquiries. According to Wehner (2002), and Jones and Jacobs (2005), PACs across the world are faced with challenges in executing their functions. Hence, in his comparative study, Wehner (2002) identified some of the best practices of PACs based on his comparative experience. However, what constitutes best practice is not always evident as studies have shown that the institutional settings, needs and contexts, which vary between countries, may contribute to the difference between the PAC's execution of their role and functions (Wehner, 2002; Neal, 2003; Pellizo and Stapenhurst, 2004; Jones and Jacobs, 2005). There has been relatively little investigation of PACs in Malaysia at federal or state levels, and even less by way of comparison among PACs of different Malaysian states.

The literature on PAC practices can be best described as a collection of recommended best practices prescribed from study groups or survey data (Wehner, 2002; Neal, 2003; Pellizo and Stapenhurst, 2004; Saghal, 2005). To date, studies have started to measure the role of oversight bodies but most have looked into the effective role of PACs in the oversight budgetary process (Wehner and Krafchik, 1999; Shick, 2002; Neal, 2003; Stapenhurst, 2004;

Wehner and Byantima, 2004). Instead of focusing on business organizations, Rosenthal (1973) insisted that the concept of effectiveness can also be used in examining legislative committees. However, various dimensions of the effectiveness concept must be specified in examining the degree to which committees perform the functions expected of them.

3. Objective

A number of propositions have been advanced to explain why PACs in some states are more effective than those in others. However, since only fragmentary evidence has been offered, the researcher's intention in this study is only to explore and to identify conditions that are closely related to the effectiveness of the PAC in the chosen state.

4. Methodology

In looking into effectiveness, Rosenthal (1973) suggested the need for reliable, objective data, which is indicative of the specified dimensions under study. Based on the experience of this study, however, it seems that the archaic nature of legislative records makes it practically impossible to freely gather such quality information. Therefore, in this study, the researcher has to employ an indirect method. For example, if a PAC Report is issued by a state, then this study assumes that the PAC must be in existence, and has executed its oversight functions. The method of analysis used is an intensive examination of the internal operations of one PAC of a particular state.

Among the PACs of the Malaysian states, state B was chosen because it afforded an example of a state that has undergone the phases where PAC Reports were seriously delayed to a

period where the reports were timely tabled at the State Legislative Assembly (SLA). In addition, open-ended, semi-structured interviews were conducted from June to March 2008 with the PAC chairman, all committee members, PAC secretary, Head of state B's Auditor General's Office (see Table 1 and Table 2) whilst knowledgeable PAC related individuals served as key informants. Interview questions were designed to elicit objective descriptions and opinions. In generating the much required information, forty-five minute length probing interviews were conducted to gather data. Together with the transcribed data, it is possible to identify a pattern in the matters under study.

Since the data reflecting conditions for effectiveness is in the form of interview data, triangulation (Patton, 1990; Yin, 2003; Creswell, 2003) is necessary. Hence, observations were made in support of documentary and interview data. To facilitate the analysis, data was categorized and patterns emerging from the analysis were employed to explore the topic under study. Analysis of data obtained from these sources indicated that the PAC's institutional setting, including appointment patterns and member's conception of the PAC's function; financial and non-financial capacity; as well as the chairman and his style of leadership, are factors influencing the PAC's oversight behaviour.

Table 1: Data Accounting Sheet

Category	PAC Members	Secretary to PAC	Head of State's AGO
Total Interviewed (person)	6	2	2
Pilot Study	1	1	1
Case Study	5	1	1

Table 2: Data Sources

Data Sources	Background Materials	Answers to Research Objective
Literature Search	X	X
Documentary	X	X
Observations	X	X
Interviews	X	X

4.1 Framework for analysis

The underlying theoretical argument presented in this framework is as follows:

- i) The rules, settings and practices of the SLA and the PAC in particular, provide the capacity for the PAC to meaningfully review the state government's activities and conduct.
- ii) With this kind of support, the PAC is functioning and it will consecutively induce the government to improve activities and conduct.

It is acknowledged that the influence of the PAC at the SLA was not measured or tested. Focus was rather given to the functions of the PAC within the capacity that the PAC has. In executing their role as a committee of the SLA, PAC members operate within practical parliamentary dynamics in the Malaysian context and, thus, any initiatives to execute their role and functions are likely to be those sensitive to these considerations.

5. Findings

5.1 Legislative framework

The PACs of Malaysian states are established by the SLA. The functions of the SLA include areas such as to approve supplies of the state government as no tax or expenses can be made against the Consolidated Funds unless allowed and approved by the SLA, and also to check the public accounts to ensure that the funds approved are spent according to the parliamentary approval and according to the tax payer's interest. The need to form PACs arose due to the provision under Article 107 of the Malaysian Federal Constitution 1957, where it requires the Auditor General (AGO) to submit his Audit Report on the financial statements to the Ruler

who will then order the report to be tabled at the House of Representatives. Similarly, under the same Article, at state level, the Head of State will order the Audit Report to be tabled at the SLA. In order to review the AGO's Report, the SLA are given power to form a "Selection Committee". The committee is quite special in the sense that it has the power to appoint members of other committees established by the legislature such as the PAC.

Concerning the formation of PACs, taking state B as an example, the PAC needs to have a chairman and vice-chairman appointed by the SLA, and also not more than three but not less than two members appointed by the Selection Committee as soon as the Assembly commences. It is to be noted that under the Standing Orders of the State, caution is made that a member of the SLA cannot be appointed as a chairman or a member of the PAC, if he is concurrently a State Executive Council member (*EXCO*). State B's Standing Order provides that the PAC is elected to function in checking:

- i) Government's accounting and funds allocation approved by the SLA as having met the expenditure;
- ii) Any state administrative bodies and other associations that handle state funds tabled at the SLA;
- iii) State Financial Statements tabled at the SLA in accordance with Article 107(2) of the Malaysian Federal Constitution 1957;
- iv) Any other matters that the PAC thinks should be checked, or other matters handed or assigned by the SLA.

The PAC has power to summon the presence of anyone or request the issuing of letters, records, and also to issue statements from time to time. In terms of assistance, the AGO or his representatives (at state level) can be invited to attend committee meetings, to observe, hear or with the permission of the committee's chairman, question those who are called upon to answer to the committee.

5.2 *Institutional Settings*

The size and composition of the PAC, including its chair and deputy chair, are essential aspects of its operational effectiveness as admitted by all interview participants. In addition, the PAC's autonomy, both actual and perceived, is important not least from the executive. According to Gay & Winetrobe (2003), the size of the legislature's committees must also be sufficient to reflect the party balance in the parliament itself and be able to accommodate proper representation of both genders as well as the minorities represented in the parliament. In state B, the size of committee as well as the composition of members appointed to the committee did not reflect proportionately the party balance.

Turnover of PAC members and chairmen is generally high in the SLA, as most will only be serving for one parliamentary term. Thus, this makes it difficult for the committee to develop norms and traditions and subject-matter experts. Reasons for the high turnover include the lack of membership continuity in the SLA itself as PAC members may not be re-elected; desire for Assemblymen to vary their work experience from one session to the next; and the appointment process itself.

5.2.1 Appointment to PAC's

Appointment to the PAC is not considered an attractive assignment. One PAC member commented that there is nothing special about being appointed to serve the committee. The PAC's general unattractiveness is reflected by the interview response of one PAC member. He said:

[The status of PAC should be upgraded in a sense that it should not be regarded as any normal committee. Those who are appointed as PAC members should be given more credibility. As of now, PAC members do not have specific authority, and thus, are frequently dissatisfied.]

The PAC in state B has five members including the chairman (in a SLA of 36). Comparatively, the average number of PAC members for the eleven Malaysian states that the researcher could obtain the required information for gave an average of seven. The highest number of members is in state C, which has ten PAC members (in a SLA of 40). By comparison, the Federal Government has a membership of fourteen (in a House of Representatives of 219).

On the 3rd to 6th April 2006, at the National PAC Meetings held at Langkawi City Bayview Hotel, the researcher took the opportunity to ask the PAC members of the various states, a few PAC related questions via questionnaires. The questionnaires were distributed to the seventy-six PAC members in attendance at the start of the PAC meeting and collected at the end of the three-day meeting of which forty-six responded, giving a 61 percent response rate. Since, on average, respondents have served for 3 years, most were probably serving as PAC members for one parliamentary term. In an exceptional case of state B, one of the PAC members has served the committee for three consecutive election terms (1994 to 2008).

Similar situations occasionally occurred in other states as well as at the federal level. As such, the stability of committee membership can be expected to be the norm, at least within a single electoral term for the permanent committees such as the PAC.

However, throughout the states, changes or turnover normally took place when PAC members were not re-appointed as in the subsequent term or when faced with natural causes such as death (as in state H), or when a PAC member is appointed to sit as an Executive Council member (*EXCO*), as in state B. Continued re-election on the other hand, generates incumbency in SLAs, sometimes leading to a selection for re-appointment as PAC members. Hence, there were cases where members of the SLA, regardless of whether they were from the ruling party or the opposition, were re-appointed as a PAC member for more than one parliamentary term. Table 3 tabularises the number of PAC members appointed by all the states in Malaysia (identified as A to K).

The PAC members are appointed from amongst the non-Executive Council members (*non-EXCOs*) of the SLA. The composition of PAC members in the respective states ranged from 5 to 10 in number. Surprisingly, the smaller states like A, C, and G comprised the largest percentage of members of the SLA sitting as PAC members with 33.33%, 25%, and 25%, respectively. Comparatively, states with a larger number of representatives, such as H and E, only have 12.5% of their members of the SLA sitting on the committee.

It can also be noted from Table 3 and from the interviews conducted, that of the PAC members appointed, no PAC chairman was ever appointed from the opposition party. This is inconsistent with the suggestion by the Handbook for Best Practices of PAC (Wehner, 2002)

whereby the chair of the committee should be occupied by a member from the opposition party. Furthermore, it is clear from Table 3 that the committee, regardless of whether the state is governed by the ruling or opposition party, did not have a balanced representation of all major political parties within it. For example, even though state K has quite a balanced number of SLA seats between the ruling party and the opposition, only one member of the opposition was appointed to sit on the committee. Furthermore, states F, H, and I, where the opposition has only won a single seat at SLA, none of the opposition were chosen as members of the PAC. As such, the PAC members of states F, H, and I only consist of members of the ruling party.

Table 3
PAC Members (Proportion out of State Assembly Seats)

State	SLA Seats	SLA Seats (Ruling vs. Opposition)		PAC	PAC vs. Total Seats (%)	Break-down of PAC Members (Ruling vs. Opposition)	
A	15	14 (93%)	1 (7%)	5	33.33	4 (80%)	1 (20%)
B	36	31 (86%)	5 (14%)	5	13.89	4 (80%)	1 (20%)
C	40	38 (95%)	2 (5%)	10	25	9 (90%)	1 (10%)
D	59	52 (88%)	7 (12%)	7	11.86	6 (86%)	1 (14%)
E	56	54 (96%)	2 (4%)	7	12.5	6 (86%)	1 (14%)
F	36	34 (94%)	2 (6%)	7	19.44	7 (100%)	0
G	28	26 (93%)	2 (7%)	7	25	6 (86%)	1 (14%)
H	56	55 (98%)	1 (2%)	7	12.5	7 (100%)	0
I	42	41 (98%)	1 (2%)	7	16.67	7 (100%)	0
J	32	28 (88%)	4 (12%)	7	21.88	6 (86%)	1 (14%)
K	45	24 (53%)	21 (47%)	7	15.55	6 (86%)	1 (14%)

- The above figures hold true as of 13 February 2008 when the Parliament and SLA were dissolved to make way for the General Election 2008.

5.2.1.1 Observation of the appointment of the PAC members by the SLA

In addition to what was being captured by documentary evidence as depicted in Table 3, the official appointment ceremonies of PAC members were also observed in order to obtain a clearer understanding of the process. Non-participant observations on the appointment of

PAC members of states were made for state B. As a comparison, another two states were chosen for observation as well (see Table 4).

Table 4
Observation on PAC Members' Appointment

State	Observation Date	Justification
A	25th-26th June 2008	Governed by the ruling party during pre- and post-election period.
B	20th May 2008	Governed by the ruling party during pre-election but by opposition party after the 2008 General Election.
E	23rd May 2008	Governed by the ruling party during pre-election but by opposition party after the 2008 General Election.

Observations were made in the months of May and June 2008 after the February 2008 general election took place. The new PAC members were supposed to be appointed soon after the first session of the SLA meeting commenced. On each occasion, the researcher as an outside observer would need to show prove that permission was granted to be at the event, then sit in the public gallery together with other guests, while selecting a seat that would give full view of the events. The halls were equipped with large screen CCTVs and high volume speakers. The members of the SLA as well as the guests needed to be watchful of their conduct throughout the ceremony by way of respect for the Assembly. Based on the observations at the three states, the appointment procedures appeared similar, with a few distinctive actions that are noted as follows:

- i) The PAC appointment procedures at the SLA were only ceremonial in nature, with the text having being outlined earlier and the dialogues appearing to be generally similar among the states. This is because, comparatively, all three states had similar dialogues and the ceremonial events that took place were conducted in a similar manner. Throughout the proceedings, no dispute seemed to surface. None of the states formally introduced to the

Assemblies the members being appointed to the PAC. Only their names were mentioned at the SLA and a few made some effort to stand up when their names were being announced so that those at the SLA could see and recognise them.

- ii) During the appointment process, none of the SLAs put forward or mentioned the reasons behind the appointment, nor the functions and duties of the PAC for the benefit of the SLA members or the audience.

5.2.1.2 Vagueness of the basis used for the appointment of PAC members

In terms of selection, the process is assumed to be sensitive and also controversial as they may not reflect the realities of party nomination or party composition. The source of the appointment process is in the State Standing Orders, with the Selection Committee of the SLA making the formal nominations. The appointment of PAC members is not based solely on skills and background. A closer look into state B's members' qualifications led to the following discovery.

It is apparent that the members have various educational and political backgrounds, although in terms of proportional ratios between ruling party members and the opposition members there appear to be some restriction in numbers. Due to the limited number of memberships, even the coalition parties within the majority ruled government could not be fully represented as committee members.

In state B for example, PAC members were former government servants as well as reputable business figures (see Table 5).

Table 5
State B PAC Members Background Information

Participant	Age Group	Educational Background	Previous Experience Prior Appointment to PAC	Duration Served as PAC Member
1	40-50	Tertiary (Degree)	Officer at Federal Agency (MARA)	1 term
2	50-60	Tertiary (Degree)	State Administrator for Land Department	1 term
3	50-60	Secondary (STPM)	Teacher	3 terms
4	30-40	Tertiary (Degree)	Press Secretary to Federal Minister	1 term
5	50-60	Secondary (STPM)	Businessman	1 term

Further clarification on the selection and appointment of PAC members was sought via interviews with all state B PAC members. In practice, however, state B's PAC members revealed that the formation of the PAC is as follows:

- i) The chairman of the PAC is appointed from whoever holds the post of Deputy Speaker to the SLA. Although such practice is not provided under state B's "*Standing Order on the Rules and Regulations of SLA Meeting*", it has been the practice for the last three terms in state B. An example of such reference to the practice is as follows:

[In state B, unlike others, the Deputy Speaker will automatically be appointed as PAC chairman. It is an implied rule, as he has an office at the SLA.]

Fortunately, during the period this research was conducted (2006 to 2010), the researcher was able to meet and interview the former state B PAC chairman; observe the appointment of the new PAC chairman of state B after the nationwide parliamentary election in 2008; as well as follow through how the Deputy Speaker cum state B's PAC chairman was appointed as an EXCO in March 2010 and, thus, had to relinquish the chairmanship of PAC. A new chairman of PAC was appointed to replace him.

- ii) None of the members was able to supply a specified reference concerning the basis for selecting members to sit as committee members. Thus, the selection process seems inclined towards the discretion of the Chief Minister, or based on the recommendations of third parties, or taking into account the prospective member's previous experience. These subsequent texts reflect this situation.

[I don't know on what basis I was appointed, this is his (Chief Minister) discretion. May be because I was once a government official.]

[Chief Minister pointed out. Like Datuk AM, I proposed his name, being a MARA officer, having vast experience, being young and had the potential to contribute.]

- iii) The question on whether the members appointed demonstrate an appropriate level of scepticism or have the appropriate skill and understanding to carefully read the financial statements in carrying out their functions were also raised. However, state B's Head of AGO and the Secretary to the PAC of state B had the following to say regarding this matter, respectively.

[Regardless of whom, if he is someone who just won the election, without any financial background, there is no need to appoint.]

[A new member of PAC may not necessarily know much about financial auditing. However, with little briefing from the chairperson and perhaps from his or her own readings out of awareness of the importance of this knowledge, the person would usually learn about it soon enough.]

- iv) Concerning the imbalanced composition of PAC members among ruling and opposition parties and also the act of not appointing someone from the opposition to chair the committee, interviewees seemed to think that being the ruling party of the state government they have the sole right to determine the proportion. In addition, the

“*Standing Order on the Rules and Regulations of SLA Meeting*” do not provide any guidelines regarding the matter. The following were some of their responses.

[If we want to be transparent, let us not allow opposition to sit as member of PAC as we are the ruling party. In this context, I think having one as the opposition’s representative would be enough.]

[The Standing Orders did not state, it just said members of the SLA. It does not say how many opposition to be appointed.]

- v) With the imbalance in the number of representatives on the committee, and since there seems to be one-party domination on the PAC, the question of whether members could be non-partisan in carrying out PAC work was raised during the interviews. The members interviewed insisted that they were impartial in their conduct as PAC members as they had common aims and interests, such as safeguarding the use of public funds. They had, among others, the following answers to the question posed on impartiality.

[Regardless of which party a member of PAC comes from, he or she is to ensure that the financial expenditure is at its best. If there is any weakness or misconduct, both the opposition and the ruling parties should be able to identify it. Sometimes, it was the ruling party, as opposed to the opposition, that had given more feedback regarding this matter.]

- vi) In the PAC composition, the appointment of committee chair is also a sensitive issue. The committee chair of the Malaysian PACs has not been allocated to the opposition. It has been some kind of tradition that the chair be held by a member of the government party. This is inconsistent with a study by McGee (2002) where 67% of the PACs surveyed had an opposition member as the chairman. The *Standing Order of the Rules and Regulations of SLA Meetings* at state or federal does not explicitly provide for any specified ruling as to who to appoint as chairman.

5.3 *PAC members' discernment of their functions and activities*

To effectively execute their functions, committee members should have more accurate knowledge concerning their own functions and, thus, participate more consistently in the development of the committee's views on topics within their committee's jurisdiction. From the interviews conducted, PAC members were asked about their functions. Many automatically worded their responses in relation to their functions as stated in the "*Standing Order on the Rules and Regulations of SLA Meeting*" – Reviewing the Auditor General's Report tabled at the SLA as provided by state constitution, and ensuring that public funds were used in accordance with the laws and purpose as endorsed by the budget – were two common answers given. The following is one quotation regarding the PAC's functions by a PAC member:

[We examine, conduct meetings and prepare reports based on the AGO Report tabled and passed at SLA. We have just finished looking into the 2005 financial statements. As such, there were departments and agencies highlighted by the AGO in this report, we have met them, acquired feedback including actions taken by the head of departments and agencies based on audit queries.]

Based on their experience, the PAC members conveyed to the interviewer how the state government officials perceived the PAC's roles and functions with circumspection. PAC is still eyed as a government "watchdog" and the officials seemed to be defensive when called upon to answer queries from the PAC. This was reflected in their responses as follows:

[PAC has such broad roles; it has rights and power to investigate whichever departments when the need arise.]

[So far, when we visit; some of them were apprehensive. They will send their officials in full force.]

[When we visit departments, we told them that we are not intentionally finding fault. We actually want to preserve the image of the state.]

In addition to these interviews, participants were also asked to fill in a card in support of what was said during the interview. In it, the PAC members were asked to tick “Yes” if the activities listed in the card were being practised by state B PAC and “No” if they were not. As in Table 6, members were in agreement concerning the activities carried out by the PAC, except for activity 4 and activity 6 where the members expressed different opinions. For example, of the five PAC members interviewed, one designated that the PAC did not monitor follow-up procedures and corrections by executives of deficiencies reported by the AGO Report.

Table 6
PAC Activities

Activities	Yes	No
1. PAC examines and reviews that the accounts of the government and the funds allocated to meet the expenditure of the government.	5	
2. PAC reviews and examines the accounts of Public Authorities and other related bodies that have their accounts tabled at the SLA.	5	
3. PAC examines the Auditor General’s report tabled at the SLA.	5	
4. PAC examines any matters considered necessary or matters put forward by the SLA to PAC.	2	3
5. PAC tables a report at least annually at the Legislative Assembly.	5	
6. PAC monitors follow-up procedures and corrections by executives of deficiencies reported by the Audit General’s Report (AGO).	4	1
7. PAC allows the auditor (AGO) to contribute input in PAC meetings.	5	

* Total = 5 participants

5.4 Financial and non-financial capacity

The position of the PAC is weakened by the fact that it is financially dependent on the SLA and, thus, posing sort of restriction in its operation. The PAC has not been accorded with financial autonomy and operates under limitations of budget and staff assistance. In diagnosing the weaknesses of state PACs, the greatest emphasis must be accorded to the

inadequacy of their resources. Physical facilities as well as professional staff are lacking. In state B, the PAC does not have staff of their own and there is no specialized staffing except one clerical staff who serves as the PAC secretary. He also assists in the preparation of hearings, meetings and PAC Report issuance. As such, the PAC's activities may be limited in both scope and effectiveness. Most of the time, the professional manpower is drawn from the federal agencies such as the Auditor General's Office (AGO). This is inconsistent with suggestions that in order to fulfil its mandate in an effective manner, PACs need to obtain all the necessary resources (McGee, 2002; Shick, 2002; Gay & Winetrobe, 2003).

Moreover, state B does not have an independent budget and any PAC related expenditure is placed under the SLA. Thus, it is imperative that the SLA has some degree of control over the PAC's budget. Obtaining financial resources or otherwise for PAC operations is important. This is because there is little point in rulings allowing the PAC input in questioning government if the PAC does not have the necessary research or expert staff to assist them. So far, there have been occasions where expert advice has been sought to assist the PAC. For example, the Attorney General's assistance as well as that of a private audit firm have been sought on legal and audit matters during the PAC's investigations or hearings.

In this study, no changes appear to be taking place in this area or in enhancing incentives for oversight, and the evidence is not entirely clear. Based on the interviews and lists of activities gathered from the PAC Reports, to equip the PAC members with the necessary knowledge to execute the PAC functions, seminars, excursions, and short courses are some of the means of updating PAC members regarding their remit and imparting the necessary information to

undertake their responsibilities. The use of technology such as e-mails and online discussions is apparently limited with the PAC secretariat uses computers and the like as part of their basic administrative necessities.

One possible explanation for lack of change and enhanced incentives is that the state government may not always appreciate the PAC's oversight role because it examines the government's programmes and also oversees their implementation. Thus, indirectly, it may seek to restrict the capability of the PAC through its control of resources. It cannot be denied that promoting an effective PAC can be costly in terms of time and resources required in the form of sufficient funds, office space, expertise and materials.

On the other hand, most probably, the state government incurs costs in terms of preparing reports to meet the PAC inquiries and providing evidence for PAC during PAC hearings. Consequently, the government may want to limit the amount they are willing to budget for committee-related expenditure. When questions relating to this issue were posed to state B's PAC chairman, he seemed satisfied with the current treatment or procedures regarding the PAC's budget. He cited that considering the small-scale operation of the state PAC, in comparison with the federal level PAC, the cooperation from state B in budget related activities and claims was satisfactory.

[Only the proposals of certain programmes, which requires special budget, need to be presented to the *EXCO* and also the relevant authority at the federal level. I think things operate relatively easier at the state level, compared to the federal level. To date, I am satisfied with the resources available to us in the state. However, it would be even better if we can come up with something big. Though it requires additional costs, it is usually more efficient.]

Although the PAC members interviewed did not express any concern regarding the situation, having an independent budget and their own staff to assist in the clerical and administrative work may promote a better working environment including an extension of the work undertaken. Table 7 sums up the PAC resources in general, based on the information gathered during the interviews. State B only seems to conduct limited legislative oversight as they do not appear to be totally independent or separate from the SLA. This is compounded by the apparent understaffing and under-funding. The members seemed to regard the AGO as their main source of assistance and did not consider the lack of independent funds, including for training, administrative, and investigative work, as a serious matter.

Table 7
PAC Resources

	Particulars	Status	Authority
1	Specified funds for training, seminar attendance, visits, etc.	X	Any expenses incurred relating the matters are funded by State Legislative Office. Otherwise, a work paper needs to be prepared for a special vote.
2	Specified staffing for clerical PAC work, meeting arrangements, etc.	X	Assisted by only one staff member of the State Legislative Office. The secretary of PAC is also the secretary to Executive Council Meetings.
3	Access to information, officials, documents, advice, etc.	/	A great deal of assistance comes from the AGO. Other forms and sources of assistance is also possible as the power to call upon individuals, to access documents are provided by the “ <i>Standing Order on the Rules and Regulations of SLA Meeting</i> ”
4	PAC’s allowances.	X	None except for what is entitled to them as a SLA member.

5.5 *Chairman commitment and will*

A chairman’s perception of how the PAC should operate and the manner in which he chooses to use his powers is important determinants of how a committee will function and how it will perform the oversight function (Bibby, 1966). In this study, in view of the fact that there are

no specific guidelines concerning the basis for the appointment of the PAC chairman or members, participants expressed their own views as to how important a qualified chairman is for guiding the committee to function properly:

[Chairman must be someone active. He must have planning, wisdom and able to commit his time.]

[Chairman is someone who is able to mobilize the PAC, efficient in delivering expected performance. He has heavy responsibility, as his comments sometimes may lead to the Head of Department or officials having to face severe actions.]

Based on the interviews conducted, further substantiation that operation of the PAC depends heavily on its chairman was apparent when the PAC chairman was identified as providing the atmosphere conducive to oversight activities. A member of the PAC and the PAC Secretary summed up state B's chairman leadership of PAC in the following manner:

[I think the most important thing is that the Chairman must be committed and attentive.]

[When the chairman and the secretary of the PAC are not efficient, the PAC becomes inactive. Both the chairman and the secretary should be aware of the current status of their work and if there is any backlog which needs attention. They also need to keep abreast with what and how the PACs of other states are doing.]

The state B's PAC members were asked to indicate the importance of attributes listed on a card in establishing an effectively functioning PAC. Table 8 indicates that all PAC members unanimously agreed on the point that the PAC chairman needs to be enthusiastic in his work whilst PAC members in general need to have sound judgement. They also denoted that attributes like fully understanding the purpose and responsibilities of PAC and for members to

have independent opinion is very important. In contrast to the other PAC members interviewed, one participant designated the attribute, which says members need to have knowledge of accounting, finance, and auditing is not important.

Table 8
PAC Attributes

PAC Attributes	Very Important	Somewhat Important	Not Important
Sound judgement of PAC members	5		
PAC members' independent opinion	4	1	
Full understanding of purpose and responsibilities of PAC members	4	1	
Enthusiastic chairman of PAC	5		
Variety of backgrounds among PAC members	1	4	
Ability to devote necessary time and attention	1	4	
Members knowledge of accounting, finance and auditing	3	1	1
Members knowledge of the government's financial and non-financial rules, regulations and procedures	3	2	
Inquisitive members of PAC	2	3	

Total = 5 participants

The PAC chairman expressed his sense of responsibility in keeping “up-to-date” with the status of PAC work including being alerted of administrative actions, and also his dilemma concerning his work. He believes that the PAC should be committed and have the will to execute its functions, as well as stay abreast of developments in the state government so that the chairman would not be taken by surprise, or be put in an embarrassing situation by a lack of knowledge of developments in his or her PAC, or by not issuing timely PAC Reports. The chairman said:

[It is difficult for the PAC to declare an action to be taken against the heads of departments. In many cases, due to the limited authority given to the PAC and regardless of the PAC's remarks, these people would only be transferred to other departments and would still be holding important positions. They could even be promoted to a higher rank. Therefore, the act of going against the heads of departments can be seen as putting the PAC in an insecure position.]

[Our interest as politicians and theirs as the government servants may not be the same. Our job is to ensure that the financial report is acceptably good that it will not be

questionable when presented at the Prime Minister Department or during the cabinet meeting. Otherwise, it will tarnish the reputation of the PAC as well as the Chief Minister of the state.]

[Whenever I presented the PAC report, members the SLA, including the opposition would just accept the report. The report was usually sent to them prior to the sitting and they would have identified any mistakes in it beforehand. We would normally expect some queries because we may have overlooked certain aspects. After all, we are not perfect. Maybe they did not take things seriously. Or maybe they did not regard the PAC as significant. On the contrary, I think that it (the PAC) is indeed very important.]

6. Conclusion

Improving the effectiveness of the PAC functions requires several parties to be responsive to the needs of the committee. There are a number of pertinent areas, for example, the institutional setting, and capacity building, which necessitate improvement to obtain the necessary action and better results or output from the PAC. The relationships between institutional settings, financial and non-financial capacity, PAC chairman and members' behaviour and committee effectiveness are doubtless reciprocal (Rosenthal, 1973, Rockman, 1984; Bandura 1986).

Reviewing the current PAC institutional settings as well as existing resources under which the PAC is operating may result in some course of action solutions to help PACs be better prepared or equipped to perform their tasks. Since the influence or effectiveness of the PAC is largely a product of conditions reflecting institutional settings, financial and non-financial capacity, as well as behaviour in the form of the will and commitment of the PAC chairman, it

is believed that the outcome of proper procedures, for example, of appointment, and adequately provided resources will produce positive effects.

The pattern is clear but there may be exceptions. The analysis has necessarily been limited. Factors, such as the time and effort devoted by members to their tasks, the norms, characteristics and tenure of chairman and members, and the quality of staff cannot be assessed in detail or in all states for comparative purposes.

The SLA has not attempted to offer any guidelines on how the committee should be administered. Thus, much could still be done and there is a great deal more to explain. It would be worthwhile to concentrate on selected states, where capacity or power has changed, and use of data to examine over time rather than cross-state relationships. Hopefully, the research design, by specifying the important concepts and identifying conditions associated with variations in the effectiveness of the PACs aids future research in this area concerning their design and execution.

The essence of accountability is how well members of the PAC members and legislature in general carry out their responsibilities to the public to ensure the best use of public funds and stores in the best interests of the public (Mulgan, 2000; McGee, 2002; Shick, 2002). Although the SLA cannot be blamed for fraud or financial misconduct by the state government, improvements in the financial framework and financial oversight practices to promote effective state government financial management should be considered and, thus, the accountability provided by PAC should not be overlooked.

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