16 December 2013

The Checks and Balances Network

Weekly Report

The Checks and Balances Network Puts Emphasis on the Importance of the Court of Public Accounts for a Democratic Budget

On 10 December 2013, the Plenum of the Grand National Assembly of Turkey (GNAT) began to debate the budget, which will affect the life of every one of us. Court of Public Accounts audit is the issue that has received the greatest attention during the debates both at the Plenum of the GNAT and at the Plans and Budgets Committee and become a prominent item on the public agenda.

Under article 160 of the Constitution, the Court of Public Accounts audits all incomes and expenses and property of the public administrations within the scope of the central government budget, and of the social security institutions, on behalf of the GNAT and performs the actions of examination, inspection and decision legally entrusted to it. As such, the Court of Public Accounts is distinguished from other state institutions because it is a special body that protects the rights of taxpayers in the framework of public benefit. Article 34 of the Law on the Court of Public Accounts enumerates among the objectives of the Court of Public Accounts audit, as an item of priority, the provision of reliable and sufficient information to the GNAT and the public on the operating results of public administrations as required by the budget right. Article 9 of the same Law states that those responsible or others concerned must provide such information, records and documents as may be demanded by auditors and present without delay the actual and physical condition of their transactions, activities and properties.

According to the International Standards of Supreme Audit Institutions (ISSAI) which set forth the world standards in this respect and which have been prepared by the International Organization of Supreme Audit Institutions (INTOSAI), of which our country’s Court of Public Accounts is a member, all financial public activities, regardless of how they are included in the national budget, are subject to audit by the Supreme Audit Institution. In its resolution A/66/209, the General Assembly of the United Nations urges Member States to strengthen cooperation with the International Organization of Supreme Audit Institutions with a view to promoting good governance by ensuring efficiency, accountability, effectiveness and transparency through Courts of Public Accounts.

When the standards in question are examined, the following principles come to the fore:

1. An appropriate and effective legal framework concerning the body to carry out audits and the actual implementation of the provisions contained in that framework
2. Submission of audit reports in full to the legislative in advance of the budget debates so that the legislative may properly supervise the executive
3. Ensuring that the audit body has unlimited access to information

In line with these standards, we the Checks and Balances Network propose the following:

1. An appropriate and effective legal framework concerning the body to carry out audits and the actual implementation of the provisions contained in that framework

Although the Court of Public Accounts has a constitutional and legal framework, problems occur from time to time regarding actual implementation. Public Financial Management and Control Law no. 5018 and the parallel amendments made to the Law on the Court of Public Accounts have introduced significant and positive changes, but the established old practices and habits have not been completely abandoned and new principles of public administration such as transparency, participation and accountability have not been strongly reflected in practice. In particular, the influence exercised on reports by the Report Assessment Board within the Court of Public Accounts following the changes introduced by Law no. 6353 has led to a wide-ranging debate.
As the Checks and Balances Network, our proposals are as follows:

- The necessary measures should be taken for the full implementation of Law no. 5018 and the new Law on the Court of Public Accounts.

- Data informing the public with regard to the activities of the Report Assessment Board (including an analysis on an institutional basis of how many reports have been changed for what reasons) should be regularly published on the web page of the institution, also considering the obligation stated in the legislation governing the Court of Public Accounts to inform the public.

- The GNAT should have a greater say in the election of the members and president of the Court, the candidates should be interviewed by the relevant parliamentary committee, and there should be a quota also for the opposition.

2. **Submission of audit reports in full to the legislative in advance of the budget debates so that the legislative may properly supervise the executive**

   Every citizen should be able through the Court of Public Accounts to check whether taxes collected are spent in conformity with public benefit. The Court performs audits on behalf of the GNAT, bearing in mind the principles of accountability and financial transparency in the public sector. The debates to be held at the GNAT, which represents the will of the people, are of great importance in shaping the budget. The ability of the Plans and Budgets Committee to have an in-depth debate of the budget, to obtain sufficient information concerning the budget from the government and bureaucrats who have prepared it, and to direct questions about the budget to the government depends on full submission of the reports from the Court of Public Accounts.

As the Checks and Balances Network, our proposals in this context are as follows:

- The reports from the Court of Public Accounts should be submitted in full to the National Assembly in advance of the debates on the Proposed Budget Law.

- The information required for the reports in question should be provided by the relevant institutions to the Court in a timely manner.

- Within the GNAT, in addition to the Plans and Budgets Committee, a separate Final Accounts Committee should be created to examine the reports from the Court of Public Accounts.

3. **Ensuring that the audit body has unlimited access to information**

   It is a serious problem, and one that forms the main axis of the current debates, that data on an institutional basis in conformity with Law no. 5018 have not been provided to the Court of Public Accounts by establishing the necessary technical infrastructure over the period of 10 years since the adoption of the Law on 10/12/2003. Through a change of regulation that was published and put into effect on 8/12/2013, another postponement has been made covering the next 3 financial years.

As the Checks and Balances Network, our proposals in this respect are as follows:

- The necessary technical infrastructure for the data on an institutional basis to be provided to the Court of Public Accounts should be created within the shortest time possible, without waiting for 3 years.

- Full power and discretion should be allowed to the Court in the performance of its functions.

External audit, activity and fiscal statistical evaluation reports have a great importance to monitor whether public spending is properly implemented. Good practices show that an independent audit
mechanism which comprehensively and periodically covers institutional spending is extremely important for economic transparency.

As the Checks and Balances Network, we think that a State budget created in a participatory, accountable and transparent manner, having regard to the key role of the Court of Public Accounts, will bring Turkey to a more democratic ground.