



## Position Paper

# PROCESS OF COPE - FINDING THE GAPS AND IMPLEMENTATION OF RECOMMENDATION

### INTRODUCTION

*“I venture to say that every man who is not presumably incapacitated by some consideration of personal unfitness or of political danger is morally entitled to come within the pale of the Constitution”*

- William Ewart Gladstone (1864)

Public accountability of public finance, is one of the cardinal principles of a participatory parliamentary democracy<sup>1</sup>, which historically, in constitutional traditions are closely connected to civil liberties. As such, full control over public finance is constitutionally vested in Parliament.<sup>2</sup> Financial oversight of the public purse is facilitated by the Committee on Public Enterprise (COPE), and the Committee on Public Accounts (PAC). This position paper examines the workings of COPE.

In Sri Lanka, there is no permanent functioning Finance Committee or Budget Committee in Parliament, but during the period resulting in the finalisation of the Budget, the entire Parliament, in essence becomes a Budget Committee, thus exercising financial oversight, prior to the approval of the budget.

COPE, is a Parliamentary committee, which was established in 1979<sup>3</sup> to ensure that public funds



handled by public corporations and any other vested undertakings were under the scrutiny of the public. To that end, COPE examines ‘the accounts of public corporations and of any business or other undertaking vested under any written law in the Government laid before Parliament’<sup>4</sup> and reports its observations and recommendations to Parliament. Since its inception, several COPE Reports have been published by Parliament, the last of which examined the financial accounts of 244 state institutions<sup>5</sup>.

The various public enterprises which COPE reports on, draw their funds from the public purse. Thus, any mismanagement or corruption could have far reaching effects, directly affecting the public. Due to the nature and importance of the work done by COPE, Transparency International Sri Lanka (TISL) presents this position paper. Though there are many aspects of COPE, this paper limits itself to the examination of the procedures followed by COPE, its independence and transparency.

## COMPOSITION OF COPE

The Standing Orders of Parliament<sup>6</sup> provide for a committee of 12 members<sup>7</sup> nominated by the Committee of Selection, with a quorum of 4 members<sup>8</sup>. Subsequently this number has increased to 31 with the quorum remaining at 4. The latest COPE Reports<sup>9</sup>, reflect 31 members comprising COPE, several of whom are Ministers<sup>10</sup>. This position is in stark contrast with similar mechanisms in place in the region such as the *Committee on Public Undertakings*<sup>11</sup> in India, which excludes Ministers from being a part of the committee<sup>12</sup>.

In Sri Lanka, there is no provision excluding Government Ministers from inquiring into the public corporations or business undertakings vested in the Government. Thus is practice, in Sri Lanka, Ministers who supervise public corporations, sit

in COPE, carrying out legislative oversight of their own corporations<sup>13</sup>. This raises further broad based issues on principles such as bias/conflict of interest, and lack of separation of functions of the State.

## SCOPE, POWERS, & RESPONSIBILITIES OF COPE

COPE is duty bound to examine accounts of public corporations and of any business undertaking vested in the government<sup>14</sup>, and in the course of its investigations, is empowered to summon any person or record, and have access to property<sup>15</sup>. Parliament requires COPE to report to it from time to time on the accounts examined, and the performance of the public enterprises<sup>16</sup>, thus exercising overall control over public funds.

However COPE effectively limited its inquiries to an investigation of the institution’s accounts. This relegated COPE to the position of reviewing past performance, without adequately engaging such institutions on an ongoing basis, to facilitate more satisfactory performance of such institutions. There are certain exceptions to this, where COPE has initiated on sight investigations notably of the Ceylon Petroleum Corporation pertaining to issues of contaminated fuel. This is indicative of an emerging practice to examine not only accounts, but also the accountability of such institutions, in line with the Standing Orders<sup>17</sup>. There is thus a pressing need, as borne out by the several COPE reports to date, that COPE be involved in risk management and mitigation of the institutions that come under its purview, which is in fact within the scope of its powers<sup>18</sup> which will assist in ameliorating the losses that are being suffered by various public enterprises. Such risk management will be assisted, by the insistence by COPE, of adherence to internationally accepted Accounting and Auditing Standards by the public enterprises.

4. Standing Order 126 of Parliament

5. Second Report from the Committee on Public Enterprises 23rd July 2013

6. As amended up to February 26, 1993 available online [http://www.parliament.lk/files/pdf/standing\\_orders\\_english.pdf](http://www.parliament.lk/files/pdf/standing_orders_english.pdf) [accessed on 17th November 2013]

7. Standing Order 126(1)

8. Standing Order 126(6)

9. First & Second Reports from the Committee on Public Enterprises Presented by Hon. DEW. Gunasekara Chairman of the Committee On 1st of December, 2011 & 23rd July 2013

10. Example, Pavithra Devi Wanniarachchi, Hon. Minister of Power & Energy, Susil Premajayantha, Hon. Minister of Environment and Renewable Energy, Rajitha Senaratne, Hon. Minister of Fisheries and Aquatic Resource Development, Chandrasiri Gajadeera, Hon. Minister of Rehabilitation and Prison Reforms, Jagath Pushpakumara, Hon. Minister of Coconut Development and Janatha State Development, T.B. Ekanayake, Hon. Minister of Culture and the Arts etc, information available online at [http://www.priu.gov.lk/Govt\\_Ministers/Indexministers.html](http://www.priu.gov.lk/Govt_Ministers/Indexministers.html) [accessed on 17th November 2013]

11. Established under Rule 312A of the Rules of Procedure & Conduct of Business in Lok Sabha (2010)

12. *ibid* proviso to Rule 312B

13. For example, the Ceylon Electricity Board, was one of the institutions noted in the latest COPE report, to be suffering “severe losses” and being “on the verge of a collapse” (vide page 4 of the COPE Report). The CEB comes under the supervision of Pavithra Devi Wanniarachchi, the Hon. Minister for Power & Energy, who is a member of COPE. Similarly, the Ceylon Fisheries Corporation, which too was a loss making corporation, comes under the purview of Dr. Rajitha Senaratne, the Hon. Minister of Fisheries & Aquatic Resources Development, who is also a member of COPE.

14. Standing Order 126(2)

15. Standing Order 126(5)

16. Standing Order 126(3) reads; The Committee shall, from time to time, report to Parliament on the accounts examined, the budgets and annual estimates, the finances, financial procedures, performance and management generally of any public corporation or of any business or other undertaking vested under written law in the Government and on any matter arising there from.

17. *ibid*; which specifically refers to financial procedures, performance and management etc.,

18. *ibid*

However, as set out at the start of this section, COPE's authority is limited to public corporations and business undertakings vested in the government. Under the Constitution, the Auditor General is required to audit the accounts of all Government departments and public corporations<sup>19</sup> (including various other bodies), and further, such corporations are required to annually table audited accounts in Parliament, in terms of the Finance Act<sup>20</sup>. However, the Constitution permits the Minister in charge of any public corporation, with the concurrence of the Minister of Finance, and in consultation with the Auditor General, to appoint qualified auditors to audit accounts of public corporations, under the directions and control of the Auditor General<sup>21</sup>.

The Finance Ministry, which provides Parliament with a list of public enterprises, has on occasion added government owned limited liability companies, such as Mihin Lanka, and Lanka Logistics & Technologies Ltd., to this list, thus bringing them within the purview of COPE. TISL notes that, in the overall framework of the Constitution, COPE should so be permitted to examine companies fully owned by the State.

TISL notes with concern that, even though there is a pressing need for the National Audit Bill to be passed, granting greater autonomy to the Auditor General's department, which will in turn help "clean up government departments with weak internal controls that will save billions of tax payer rupees"<sup>22</sup>, such bill has been pending for several years. The Auditor General in his Annual Report as far back as 2006 recognized the need for such a bill, to extend the scope and coverage of the Auditor General, to enable that department to assist Parliament<sup>23</sup>. Despite recommendations by the World Bank to enact such a bill<sup>24</sup>, and several assurances of the Government to look into the delays of such<sup>25</sup>, this bill is yet to be passed.

TISL notes that if there is an introduction of mechanisms in which a continuous review process of the public enterprises takes places, this would assist in the better running of such institutions, and thus increase their financial viability. For instance Annual Insolvency Certifications of such institutions would not only assist COPE in its oversight, but also enhance accountability of the Directors and higher management of such public enterprises. Similarly, Value for Money Audits, if conducted at regular intervals, will ascertain whether there has been an optimal utilization of available resources, to achieve the intended aims of the public enterprise in question. Any lack of efficiency or effectiveness of such utilization of funds will be brought to light at regular recurrent intervals, thus assisting both COPE and the enterprise in question to mitigate losses in the future. Such continuous review process would also assist in compiling a database of preventing waste, corruption, etc., and such lessons learnt would assist the management of not only the enterprise in question, but other such enterprises across the board. Such would assist in enhancing accountability and better management of public funds of the entire State sector. If such information is available in the public domain, Fiscal Gap Computations would also be that much more transparent.

## INTERNAL PROBLEMS OF THE COPE MECHANISM

COPE is required to examine and report to Parliament on the large volume of public corporations and business interests of the State. There is a tremendous effort on the part of the members to inquire into a seemingly impossible task. However, there must be a mechanism to help and support the members of COPE. Unfortunately, the COPE Secretariat consists of only 9 individuals<sup>26</sup>, indicating a lack of manpower in supplying much needed secretarial and research assistance to members of COPE.

19. Article 154(1) reads; The Auditor-General shall audit the accounts of all departments of Government, the Offices of the Cabinet of Ministers, the Judicial Service Commission, the Public Service Commission, the Parliamentary Commissioner for Administration, the Secretary-General of Parliament and the Election Commission, local authorities, public corporations and business or other undertakings vested in the Government under any written law

20. Section 14 Finance Act No. 38 of 1971

21. Article 154(2)

22. "Sri Lanka in state audit clean up" - Riyad Riffai, 17 Mar; 2009. Published in Lanka Business Online, [online] <http://www.lankabusinessonline.com/print/sri-lanka-in-state-audit-clean-up/641341389> Accessed on 20-12-2013

23. Annual Report of the Auditor General for the Year 2006, PARLIAMENTARY SERIES No : 11, vide page 29 [online] Available at [http://www.auditorgeneral.gov.lk/web/upload/Annual%20Reports%20\\_2006\\_English.pdf](http://www.auditorgeneral.gov.lk/web/upload/Annual%20Reports%20_2006_English.pdf) [Accessed on

20-12-2013]

24. "Sri Lanka; Public Sector Accounting & Auditing, a comparison of international standards" page 29 [online] Available at [http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1195243379044/sar\\_report-srilanka-full.pdf](http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1195243379044/sar_report-srilanka-full.pdf) [Accessed on 20-12-2013]

25. "National Audit Bill gathers dust: Justice Ministry to look into delay" - Shamindra Ferdinando December 14, 2011; The Island [online] Available at [http://www.island.lk/index.php?page\\_cat=article-details&page=article-details&code\\_title=41215](http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=41215) [Accessed on 20-12-2013]

26. see First & Second Reports from the Committee on Public Enterprises Presented by Hon.DEW. Gunasekara Chairman of the Committee On 1st of December, 2011 & 23rd July 2013

COPE also suffers from a lack of a readily accessible and searchable database of information on public corporations, including information pertaining to their past performances. Such, detrimentally affects the ability of members of COPE to raise relevant questions from the public corporations summoned before it. In fact, this situation is further aggravated by several institutions not tabling their annual reports since 2009, and 2010<sup>27</sup> (which should include any directions issued by the relevant Minister), which is in complete violation of the Finance Act<sup>28</sup>, which requires the relevant Minister to submit to Parliament such reports “before the end of ten months following the year to which such report and accounts relate”<sup>29</sup>, and to make such reports available for purchase by the public<sup>30</sup>.

Further, the fact that COPE consists of Ministers, under whose purview, will function the public enterprises that are to be evaluated by COPE, raises concerns of conflict of interest of such Ministers (the Executive) and the Legislative oversight process carried out by COPE. A system by which there is due disclosure of any incidents of conflicts of interest, and subsequent recusal from participating in COPE proceedings, or a form of disqualification from participation, will not only enhance the transparency of the COPE mechanism, but do away with any allegations of bias, or even apparent bias<sup>31</sup>. Such conflict of interest can arise in a variety of circumstances including, where any person has a pecuniary interest<sup>32</sup> in the matter under review, or if there is a connection to the parties under review<sup>33</sup> etc.

## LACK OF TRANSPARENCY OF COPE PROCEDURES

Conventional practice dictates that committee proceedings are confidential, and are held excluding access to the public or the media. However, the

standing orders provide for outsiders to be present on approval of the Speaker, and at the pleasure of the chairman of the committee.<sup>34</sup> Even so, outsiders are not permitted to be present during the deliberation stage<sup>35</sup>.

The public is further excluded from information, as it is illegal to publish information of any proceedings of any committee of Parliament, until they are tabled before Parliament<sup>36</sup>.

Prior information as to the meetings of COPE to be held, are not available in the public domain. Nor are any details as to the attendance of members of COPE to meetings, or the time spent at such meetings, available to the public. Citizens are thus unaware of the attendance, or the duration of attendance of members of COPE. A recent letter by the Chairman of COPE to the Speaker of Parliament, indicates the woeful attendance of some of the members of COPE, with some members attending only one meeting in 2 years<sup>37</sup>.

There is also a lack of public access to any records maintained pertaining to debates, discussions or questions and answers deliberated at COPE meetings. Though debates in Parliament are available via the Hansard which are published and made available to the public, or videos uploaded to the official website<sup>38</sup>, and questions and answered debated therein are available via a searchable database<sup>39</sup>, the public are unaware of even the basic questions posed by the members of COPE and the answers put forward by public corporations.

The repercussions of such lack of transparency, is that the citizen cannot effectively engage in a participatory democracy. Without public awareness, the citizen cannot even know which members of

27. 31 institutes are identified in the COPE Report as not having filed annual reports for 2009, and a further 48 institutions as not having filed annual reports for 2010; vide page 9 & 10 of the Report

28. Section 14(1) Finance Act (No. 38 of 1971)

29. *ibid* section 14(3)

30. *ibid* section 14(4)

31. *R v Sussex Justices, ex parte Mc Carthy* (1924) 1 KB 256; Lord Hewart CJ - “it is not merely of some importance, but of fundamental importance that justice should not only be done, but should manifestly and undoubtedly be seen to be done” for Sri Lankan reference see; Neidra Fernando V. Ceylon Tourist Board & Others (2002) 2 SLR 169

32. *Dimes v Grand Junction Canal Proprietors* (1852) 3 HL Cas 759

33. *R v Bow Street Metropolitan Stipendiary Magistrate, ex parte Pinochet Ugarte* (No. 2) [1000] 1 ALL ER 577

34. Standing Order 130A

35. *ibid*

36. Parliamentary Powers & Privileges Act No. 21 of 1953; Schedule, Part B, Clause 9, read with section 27

37. COPE chief asks Speaker to name new members to replace regular absentees, The Sunday Times [online] <http://www.sundaytimes.lk/131201/news/cope-chief-asks-speaker-to-name-new-members-to-replace-regular-absentees-75312.html> [accessed on 1st December 2013]

38. Available online at <http://www.parliament.lk/webcast/video/> [accessed on 17th November 2013]

39. approximately 3300 questions, searchable by Ministry, keywords, person asked/answered or date available online at <http://www.parliament.lk/business-of-parliament/parliamentary-questions?view=questions> [accessed on 17th November 2013]

COPE are interested in ensuring that public funds are well utilised, preventing corruption etc., If such information, as well as more details as to the members attendance are made publicly available, the citizen would be better informed, as well as it being one method of improving the attendance and participation of members.

## ACCOUNTABILITY

COPE is authorised to summon any person before it<sup>40</sup>, COPE is authorised to summon any person before it, and in practice, the Chairperson, Board of Directors, Secretary to the relevant Ministry and other higher management of the relevant enterprises attend meetings of COPE. However, it should be borne in mind that public policy of a Ministry is dictated by the Cabinet, and even though the principle of collective responsibility holds the Minister answerable to Parliament<sup>41</sup>, such principle does not seem to be extended to cover reporting committees such as COPE. TISL however takes the position that Ministers, should be answerable to COPE under the same provisions of the Constitution, and there is no provision excluding such answerability.

This would ensure that Ministers are held responsible before COPE, for whatever directives issued by them, which are subsequently put into effect by public officials. Accountability would be strengthened, if the Ministers directives are published along with the Annual Reports as required by law<sup>42</sup>, and such reports are in fact submitted annually. However, even though in theory, COPE is empowered to summon such Ministers and question them<sup>43</sup> the situation is exacerbated as Ministers, (sometimes of Ministries under whose purview operate public enterprises/ corporations against which there are levelled serious allegations of corruption, mismanagement of funds, continuous loss inducement etc.,) are members of COPE itself<sup>44</sup>. TISL notes that that a contrary to broad principles of conflict of interest, as well as best practises, wherein Ministers should not be serving in such committees carrying out legislative oversight.

In addition to the Ministers, there is a lack of accountability of Directors and higher management, for the management, or lack thereof, of such public enterprises. The Secretary of the relevant Ministry, being the Chief Accounting Officer, should also be held accountable, for the running of such public enterprises. An elucidation by COPE, setting out the requisite standards of conduct expected, and the role and responsibilities of the relevant Minister, Secretary and Directors, keeping in line with internationally accepted standards of good governance<sup>45</sup>, would be a step towards enhancing the public accountability of such persons for their actions. It would also impose some semblance of uniformity in the expectations from such individuals, as well as the repercussions to be finally imposed on those who fall below the requisite level of conduct and good governance.

## PUBLIC EXPECTATIONS FROM COPE

There is no identified procedure to permit civic minded citizens from petitioning and bringing matters to the notice of COPE. This coupled with the lack of information regarding the proceedings in COPE, the questions and answers discussed in meetings, the attendance of members etc., may result in confusion of the public's perception and expectations from COPE, which could very well revolve around expectations of a prosecutorial approach.

TISL notes that a process by which the public may directly petition COPE and bring to its attention matters of importance would enhance citizen participation in the accountability of public finance. Such a process will as of necessity, have to be coupled with a system in which such information is maintained in a responsible manner, maintaining the confidentiality of the informant, as well as a system in which witnesses & informants are protected by the law.

40. Standing Order 126(5)

41. Article 43(1)

42. Section 14(1) Finance Act (No. 38 of 1971) states that "any directions given by the appropriate Minister to the corporation during the year" shall be set out in the Annual Report. With section 14(2) requiring these reports to be periodically tabled before Parliament.

43. This is similar to powers granted to the Auditor General to summon any person for examination; see Section 5(c) Finance Act No. 38 of 1971

44. For example, Second COPE Report (23rd July 2013) at page 4; identifies the Ceylon Electricity Board to be "on the verge of a collapse" Such CEB, coming under the purview of COPE member, Pavithra Devi Wanniarachchi, Hon. Minister for Power and Energy

45. For example, the Code of Good Practices on Fiscal Transparency (2007) formulated by the International Monetary Fund, encourages transparency and accountability, and encourages integrity in governance. [online] Available at <http://www.imf.org/external/np/fad/trans/code.htm> [Accessed on 20-12-2013]

As the situation stands, a lack of public awareness as well as a dearth of information regarding the workings of COPE can engender in the public, false misconceptions of the constitutional role of COPE vis-à-vis that of identifying the accountability status of public corporations and business undertakings vested in the government, and placing such reports before Parliament for scrutiny. –

Neither COPE nor Parliament, are the executive arm of government capable of any effective follow up procedures. Awareness of the constitutional role of COPE & Parliament, and the division of labour between Parliament and the Executive, would clarify public expectations from COPE, as any effective follow ups based on COPE Reports must be the purview of the Executive. However, at the same time, when Parliament is appraised of loss making institutions, as has been the case evidenced by the last several COPE Reports, Parliament must take a principled stand which would result in the Executive taking steps to inquire and to take positive actions, as to the causes of such incurrence of loss, whether that cause is corruption, lack of planning, wastage etc.

In the accountability cycle, once COPE reports to Parliament on the financial status (or lack thereof) of public enterprises, any follow up measures taken up thereafter too, must be informed to Parliament to enable effective public oversight of these enterprises.

Thus public expectations of COPE and the lack of follow up procedures are closely interconnected.

## DEARTH OF FOLLOW UP PROCEDURES

Several COPE reports have been published thus far, with startling revelations such as allegations of corruption in public enterprises, enterprises continuously running at a loss, unsatisfactory debt management etc.,

Ceylon Petrol Corporation, Ceylon Electricity Board, Sri Lankan Airlines & Mihin Lanka Ltd were found to collectively contribute to 98% of the total losses suffered by State Owned Enterprises. In some instances, the Hon. Ministers have taken very limited action regarding such corporations coming under their purview<sup>46</sup>, whereas others have, even whilst being members of COPE, refused to publicly account or comment for the severe losses suffered by corporations under their purview<sup>47</sup>, some of whom, according to a recent letter by the Chairman of COPE to the Speaker of Parliament, have attended only one meeting of COPE in the past 2 years<sup>48</sup>.

Though allegations of corruption are made in COPE reports, there is very little consequent action taken, either by the Commission to Investigate Allegations of Bribery and Corruption, or by the an law enforcement authority.

Though institutions were identified as running continuously at a loss, no effective steps have been taken for winding up such institutions, or putting into place corrective measures. Neither is there any effective move to recover either by way of civil cases or negotiations monies due, or manage the unsatisfactory debts of such institutions.

As set out before, COPE fulfils a constitutional role of ensuring public accountability of public finance. Once the COPE Report is placed before Parliament, any follow up procedures are the province of the Executive, the lack of which COPE cannot be held accountable for<sup>49</sup>.

## CONCLUSION

A survey of the procedures and transparency of COPE indicates that there is a pressing need for a qualified secretarial and research support staff to be made available to the COPE members. A separate secretariat, established in a manner ensuring

46. For example, Susil Premajayantha, the then Hon. Minister for Petroleum Resources, and member of COPE, requested the Chairman and the Board of Directors of the Ceylon Petroleum Corporation to resign. "COPE wants more Corp Heads out" - Sandun Jayawardana Sunday, 12 August 2012. Available online <http://www.nation.lk/edition/latest-top-stories/item/9286-cope-wants-more-corp-heads-out.html> [accessed on 17th November 2013]

47. For example, Pavithra Devi Wanniarachchi, Hon. Minister for Power and Energy, and member of COPE, failed to comment on the lack of satisfactory performance of the Ceylon Electricity Board leading to severe losses. Available online, Cope Report - CEB, CPC, SriLankan, Mihin all play 'deaf and dumb' - Crystal Koelmeyer 28 July 2013 <http://www.nation.lk/edition/news-online/item/19662-ceb-cpc-srilankan-mihin-all-play-%E2%80%98deaf-and-dumb%E2%80%99.html> [accessed on 17th November 2013]

48. According to an article published in the Sunday Times, Pavithra Devi Wanniarachchi, Hon. Minister for Power and Energy (and several others) attended only one meeting of COPE, even though the CEB was a huge loss suffering institution, as pointed out by COPE.

49. The Finance Act No. 38 of 1971; section 15, provides that the relevant Minister may direct the governing body of the public corporation to give effect to the Public Accounts Committee (PAC), thus indicating some form of statutory liability/obligation of the relevant Minister, to ensure good governance of the corporations coming under his supervision. At that time all oversight of public corporations too was by the PAC. Thereafter, in 1979, COPE was established to oversee public corporations due to the increase of such corporations. Thus, today, section 15 may be interpreted to include COPE's recommendations too.

autonomy, preferably situated outside the premises of Parliament will facilitate access to COPE, and the secretarial & research assistance needed by COPE members to effectively carry out their functions. A system in which professional or expert assistance is provided to COPE, even on a case by case basis where needed, would greatly assist COPE and enhance its productivity.

Excluding Ministers from becoming members of COPE, will also ensure that the Executive do not sit in Legislative oversight over their own enterprises. This must be coupled with a system of requiring due disclosure of any related party or conflict of interest, of any person involved in COPE proceedings. Such conflict of interest should lead to the immediate recusal of such individual from such proceedings, or the automatic disqualification from participation in such proceedings.

Further, a public petition process, in which the public can directly bring matters to the notice of COPE, in a manner which safe guards the confidentiality of the informant, as well as provides protection to witnesses who come forward under this process, would enhance the accountability of public finance. TISL notes that in this regard, a separate secretariat as already pointed out, would be a necessity.

A readily accessible, searchable database pertaining to all public corporations & other institutions coming under the purview of COPE will greatly assist its members in inquiring into the accounts & accountability of such institutions. Accessibility of such database is by the general public will also greatly enhance the transparency of such institutions as well as their accountability.

A continuous review/audit mechanism where the solvency of public enterprises, as well as ascertaining whether they have achieved their intended goals whilst efficiently utilising their funds to do so, would assist in the better financial management of such institutions, whilst also assisting COPE in its oversight process. A compilation of data including the lessons learnt by such public corporations would assist not only that particular enterprise but all others similarly circumstanced. A system

by which such data, is coupled with the data compiled during the work done by the Committee on Public Accounts, which is tasked with probing the “managerial efficiency and financial discipline of the Government, its Ministries, Departments, Provincial Councils and Local Authorities”<sup>50</sup> and jointly made available to the Public, would greatly enhance this review process.

If the proceedings, deliberations, questions and answers debated in COPE meetings, as well as attendance of COPE members are regularly published, the transparency of COPE itself will benefit, whilst holding public corporations as well as COPE members accountable for their conduct. Such greater transparency will also encourage better attendance of the members of COPE.

There must be a meaningful mechanism in place to ensure that swift action is undertaken by the Executive, when observations & recommendations are made by COPE. Such mechanism must ensure that effective follow up procedures are implemented whether it be to recover debts due, improve the performance of a public enterprise, or inquire into allegations of corruption resulting in prosecutions where necessary etc.

A system in which COPE sets out the role & responsibility of the relevant Minister and Secretary, as well as the Directors and higher management of public enterprises, in line with internationally accepted principles of good governance, would assist in the final accountability of such official, in respect of the management of public finance.

Therefore TISL recommends

1. Establishing a separate independent COPE secretariat outside Parliament, with sufficient secretarial and research staff, including necessary professional and expert assistance when needed, to enable COPE, not only to carry out post-audit evaluation, but also to check the ongoing accountability of utilization of public funds. Such would also permit more frequent release of COPE reports;

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50. <http://www.parliament.lk/en/component/committees/committee/showCommittee?id=8>

2. Establishing a system of due disclosure of any conflict of interest of persons involved in COPE proceedings, and their subsequent disqualification from such proceedings;
3. Setting standards of compliance and defining the roles of relevant Ministers, Secretaries, and Directors, in line with international standards of Good governance & best practices of corporate governance;
4. Establishing a public petition process, encouraging public participation, with requisite measures for maintaining confidentiality of petitioners & protection of witnesses. Such process should ensure that information regarding proceedings of COPE be made available in the public domain;
5. Publicly accessible information, via a searchable database, documenting attendance of members of COPE, questions & answers given in proceedings, & all other antecedent information. Such information, wherever possible should be coupled with similar information gathered by the Committee on Public Accounts, and made available to the Public via a joint searchable database ;
6. A change in the constitutional provisions bringing companies with State interests within the oversight of COPE, or in the alternative, a separate entity to carry out legislative oversight over such companies;
7. Establishing a mechanism of continuous review either through regular Solvency Certifications, Value for Money Audits, & post audit of outcomes, or a similar effective mechanism, coupled with a database of lessons learnt;
8. Establishing an effective follow up mechanism by the Executive to act swiftly upon the observations and recommendations of COPE;

TISL applauds the herculean effort made by COPE in reporting to Parliament on the accounts & accountability of such a vast number of public enterprises, and suggests the above recommendations to further facilitate good governance & transparency in this process.

**Transparency international Sri Lanka is the Sri Lankan representative of Transparency International which the premier global organization that holds prevention of corruption as its primary objective. The organization with more than hundred branches around the world has dedicated its entire network to promote policies of transparency, accountability and good governance.**

**Enhancing public awareness, mobilizing public participation and building a country with integrity is our objective.**

Please forward your views on this position paper to

Research Unit,  
Transparency International Sri Lanka,  
183/5, High level Road  
Colombo 06

Or to [research@tisrilanka.org](mailto:research@tisrilanka.org)

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