The Evolution and Digital Transformation of Public Accounts Committees (PACs) in Pakistan

History of the PACs in Pakistan

In the Commonwealth nations—dating back to 1861—the public financial accountability, under the Westminster Parliamentary System, is being performed by the Public Accounts Committees (PACs). In 1857 – a select committee of the House of Commons recommended the formation of a committee to oversee government accounts and eventually in 1861 the first Public Accounts Committee (PAC) was constituted to examine the use Government makes of public money[1].

A Select Committee on Public Accounts was established by the UK House of Commons in April 1861. William Gladstone, as Chancellor of the Exchequer, moved for the appointment of the Select Committee on 8 April 1861. The motion was agreed to and the first Select Committee on Public Accounts was appointed for, 'the examination from year to year of the Audited Accounts of the Public Expenditure'. *[The Commonwealth Parliamentary Association Academy]*.

The origins of the PACs in the Indian subcontinent were also modeled on the Westminster System of accountability and the first PAC in the Indian subcontinent following the implementation of the Montagu-Chelmsford Reforms, formally enacted as the Government of India Act, 1919 by the Parliament of United Kingdom was constituted in 1921.

The Montagu– Chelmsford Reforms or more concisely the Mont–Ford Reforms, were introduced by the colonial government to introduce self-governing institutions gradually in British India. The reforms take their name from Edwin Montagu, the Secretary of State for India from 1917 to 1922, and Lord Chelmsford, the Viceroy of India between 1916 and 1921.

These reforms, introduced during British colonial rule (1858–1947), were aimed at enhancing Indian participation in governance. Under the 1919 Act, dedicated rules were framed to establish Public Accounts Committees at both central and provincial levels—specifically, Rule 51 of the Indian Legislative Rules provided for the Committee on Public Accounts in the State and Legislative Assembly, while Rule 33 of the Legislative Councils Rules recommended similar structures at the provincial level[2].

After independence in 1947, Pakistan adopted the Government of India Act, 1935 as its interim constitutional framework, which further entrenched the principles of legislative oversight. Notably, Section 169 of the 1935 Act required that audit reports prepared by the Auditor General be submitted to the Governor-General or relevant Provincial Governor, who would then lay them before the respective legislatures— providing the foundational legal basis for parliamentary scrutiny of public expenditure.



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Acting on these provisions, and being the member of the Commonwealth of Nations on 14th August 1947[3] and the National Assembly being the branch of the Commonwealth Parliamentary Association (CPA) since 1st January 1948[4] Pakistan established its first PAC at the national level on 20th May 1948.

The first PAC in the Indian subcontinent was constituted in 1921.



Source: Wikipedia

The Commonwealth Parliamentary Association is comprised of almost 180 branches



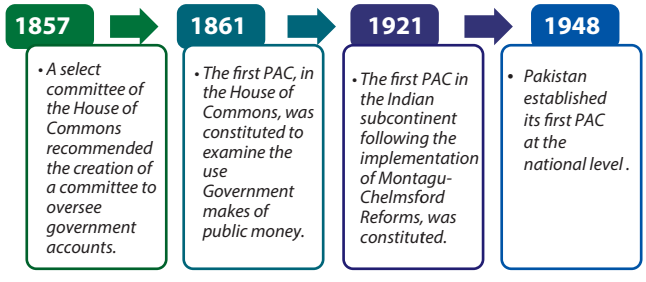
Source: Official website of Commonwealth Parliamentary Association (CPA).

The constitutional foundation of financial accountability was further reinforced through Pakistan's successive constitutional frameworks. The 1956 Constitution (Article 124), the 1962 Constitution (Article 198) required, and the 1973 Constitution (Article 171) requires, the Auditor-General to submit audit reports on the accounts of the Federation to the President, who lays them before both Houses of the Majlis-e-Shoora (Parliament)—the National Assembly and the Senate. Reports concerning provincial accounts are submitted to the Governor, who presents them before the Provincial Assembly[5].

In the case of the Federation, the Speaker of the National Assembly, and in the case of the provinces, the respective Speakers of the Provincial Assemblies, refer the Audit Reports to their respective Public Accounts Committees (PACs) for examination.[6]

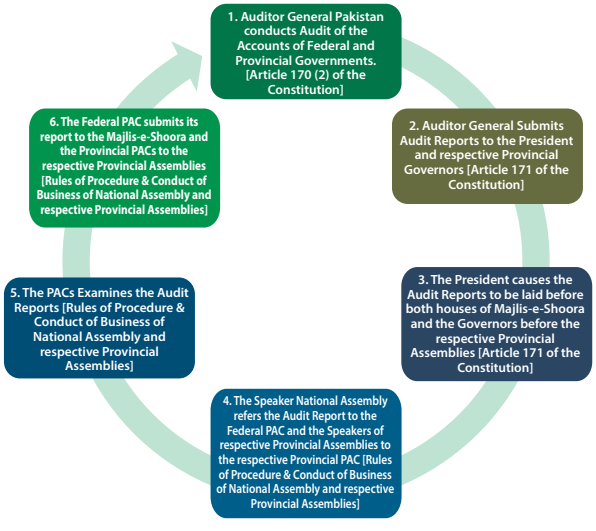
This enduring constitutional and legislative framework continue to underpin Pakistan's public financial accountability architecture.

Historical Timeline of PACs: From the House of Commons to Pakistan



While the structure, authority, powers, size, and membership of Public Accounts Committees (PACs) vary across the federal and provincial levels in Pakistan, their fundamental role remains consistent: ensuring oversight of public expenditure.[7]

The PAC Cycle in Pakistan



The Expanding Scope of Public Sector Auditing and the Evolving Role of Accountability Institutions

Over the years, public expenditure has steadily increased, driven by several key factors: the expansion of existing public services, the introduction of new public service areas, rising government revenues, a more engaged public demanding efficient and improved service delivery, heightened media scrutiny, growing civic awareness, and the enforcement of right-to-information legislation have raised public expectations. In response, the scope and complexity of public sector auditing have broadened significantly. Today the **Supreme Audit Institutions (SAIs)** across the globe perform different types of modern audits – particularly Public Participatory Audit, Value for Money Audit, Thematic Audit, Concurrent Audit, Environmental Audit, Impact Audit and Forensic Audit to gauge the use government makes of public money.

Supreme Audit Institutions, or SAIs, *are public oversight institutions which audit a government's use of public funds. They are a critical link in a country's accountability chain. In Pakistan, the Office of the Auditor General of Pakistan (AGP) serves as the Supreme Audit Institution, mandated by the Constitution of Pakistan to conduct independent audits of the receipts and expenditures of the federal and provincial governments, ensuring transparency, accountability, and the responsible use of public resources.* [8]

This evolution in public sector accountability has also significantly affected the way the legislative bodies perform the oversight function. Now, the PACs, in the Commonwealth countries have to scrutinize an increasingly diverse categories and vast volume of audit reports issued by their respective SAIs.

This rising complexity and increased workload have uncovered the limitations of outdated manual processes in PACs and oversight bodies. These challenges underline an urgent and global need for modernization of governance and accountability processes - most critically, through the adoption of digital solutions.

The Case for Digitalizing PAC Proceedings Across the Commonwealth and Beyond

Despite the growing pressure placed on oversight institutions, most PACs across the Commonwealth and similar accountability bodies in other countries continue to conduct their proceedings manually. These legacy methods are not only time-consuming, costly, and inefficient but also heavily dependent on paper, making the entire accountability process vulnerable to delays and the environment to pollution. Given the volume of audit reports issued by SAIs, often containing thousands of audit observations across diverse sectors, PACs face a significant administrative burden.

Therefore, there is an urgent need for digital transformation in PAC operations to ensure timely, effective, and informed decision-making. Digital platforms can streamline the entire oversight process, from issuing meeting notices and managing audit observations to tracking decisions and compiling reports, thereby enhancing both efficiency and transparency.

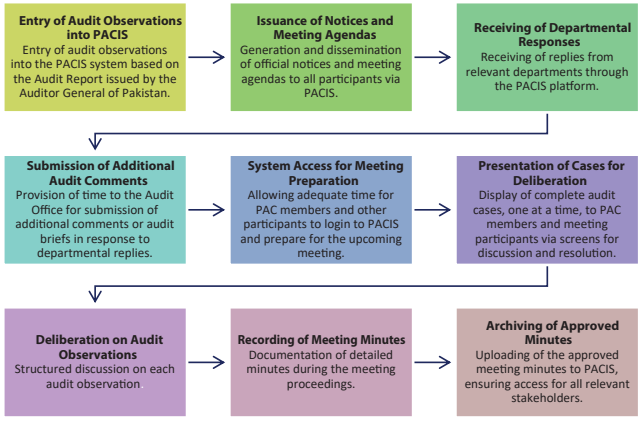
Public Accounts Committee Information System (PACIS)

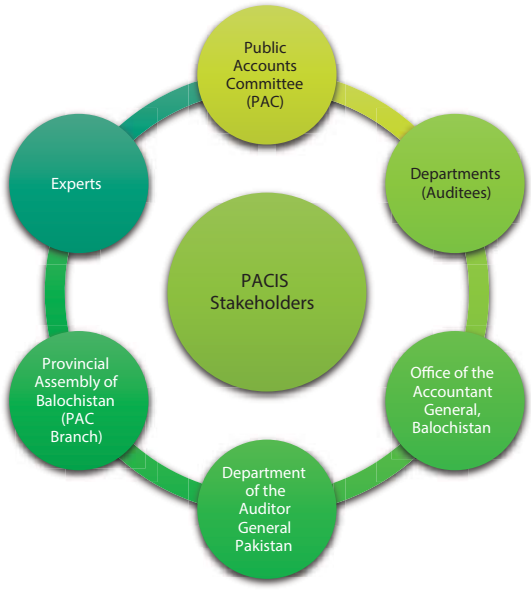
To get rid of the cumbersome paper-based proceedings and make the parliamentary oversight process more efficient, an innovative idea for the digitization of the traditional paper-based PAC was conceived by the Provincial Assembly of Balochistan. The idea was then implemented through Public Accounts Committee Information System (PACIS). Launched in August 2023, PACIS provides secure, role-based access to all stakeholders involved in the oversight process. These include PAC members, the PAC Section in the Balochistan Provincial Assembly Secretariat, government departments (auditees), the offices of the Director General Audit and Accountant General Balochistan, and expert representatives from the Law & Parliamentary Affairs, Planning & Development, and Finance departments Government of Balochistan.

PACIS is a web-based System



Digital Transformation of PAC Proceedings: The PACIS Workflow





Transforming Oversight: Key Benefits of the PACIS

The digitization of the legislative oversight process was initiated after strategically considering all promising benefits including efficiency, productivity, cost saving and responsiveness. During the development stage of PACIS, the feedback of the end-users was highly valued to make the system more acceptable. The key noted benefits are:

	Enhanced efficiency and productivity	PACIS significantly improves the productivity of the PAC and its supporting staff. It has enabled the Committee to achieve optimal outputs within shorter timeframes.
	Improved Timeliness	Overall process from issuing meeting notices to preparation of PAC reports has significantly expedited.
	Increased Analytical Effectiveness	Enabled the PAC to conduct critical evaluation of audit observations and make more informed, data-driven decisions.
	Standardization and Procedural Uniformity	PACIS has enabled focused and coordinated deliberation among PAC members, thereby achieving the goal of more effective decision-making.
	Simplified Data Retrieval	Required information can be easily retrieved from centralized repository with just a few clicks.
	Improved Compliance through Notification System	A built-in alert and notification system facilitates timely compliance with PAC directives.
	Advanced Filtering and Visual Analytics	PACIS allow users to filter, categorize and visualize the data and information as per their required needs.
	Integrated Reference Resources	Each audit observation, in the first paragraph, outlines the violated criteria. To support thorough understanding, if required, the system's "Resources" function offers easy access to referenced criteria.
	Environmental Benefits of Digitizing Public Sector Processes	Digitization in the public sector offers not only administrative and governance advantages but also significant environmental benefits. The implementation of PACIS has evidently decreased the usage of thousands of papers, which in most of the cases were for one-time use of the Committee. Therefore, digitalization of the proceedings of PAC will for surely contribute to deforestation, decrease in water and energy consumption and carbon emissions involved in papers production and transportation of paper.
	Cost Reduction	Paper-based systems involve procurement, carrying, storage, printing and binding costs. The digitization of PAC proceedings in Balochistan has substantially decreased the usage of papers.

Challenges in Automating Legislative Oversight Processes

Digital transformation, in most of the cases, guarantees increase efficiency in operations and reduction of many costs, however, following challenges should be considered before, during and after digitization:

- **Reliable Internet Connection:** A web-based applications, like PACIS, always need a reliable internet connection for its flawless operations.
- **Startup and Maintenance Cost:** Transformation from manual to digital system incurs considerable startup and reasonable maintenance costs for software development and hardware procurement.
- **Service Level Agreement (SLA) with developers:** Signing SLA with developers is essential to ensure timely support, system reliability and ongoing maintenance.
- **Training and Resistance Management:** A web-based system, like PACIS, involves multiple users with different functions, therefore, role based extensive training sessions and users support are essential for successful implementation of the system.
- **Cybersecurity and Data Privacy:** In the digital age the dependency on web-based applications is increasing, so does the risk of potential security vulnerabilities. These may result in business disruption, reputation damage and financial loss. Therefore, regular monitoring and technical intervention would be necessary.
- **System Downtime and Technical Issues:** Like all IT systems, PACIS may occasionally experience technical glitches, downtime, or software bugs.

Implementation Should Not Be Derailed by Challenges

Automation of systems always face challenges – as mentioned above. However, proper planning, designing and implementing of digital transformation and engagement of all end-users in the process can address most of the challenges. The long-term benefits of the digital transformation – including efficiency, effectiveness, accessibility, responsiveness, optimizing workflow, institutional coordination and productivity always overweigh the involved costs. Therefore, in the very case, the challenges should not be viewed as constraints, rather strategically managed to modernize the traditional legislative oversight process.

Proposed Features

1) Powering PACIS through Artificial Intelligence (AI)

Artificial Intelligence (AI) is playing a pivotal role in automating the complex processes that were previously not possible without human intelligence, such as learning, reasoning, problem solving, perception, and decision making. Powering PACIS with AI will make the legislative oversight process exemplary and highly efficient and effective in the following ways:

- **Summarization of Lengthy Data:** AI can help in summarizing the lengthy audit observations and detailed reports submitted by the departments (auditees) in support of their replies, by highlighting the critical and important issues for the focused discussion of the PAC.
- **Risk Assessment and Prediction:** The audit reports contain hundreds of audit observations in respect of multiple departments. An AI-supported PACIS will enable the users to identify the high-risk and critical areas and invest the limited time and energy fruitfully.
- **Thematic Review:** AI clusters audit observations by recurring themes (e.g., non-deduction of taxes), allowing for unified, targeted directives across departments and more strategic decision-making.
- **Advanced Data Filtration:** Facilitates the PAC and other users to classify the audit observations on the basis of amounts and types of audit observations. For example, asking PACIS to filter all audit observations of Rs. 10 million and above on account of unauthorized expenditure.
- **Intelligent Recommendation:** On the basis of accessibility to a wide range of databases and the ability to augment human capabilities, AI can support the PAC in taking effective decisions.
- **Smart Notification System:** The existing PACIS generates automatic notifications, but at fixed intervals or followed by directed action in the system. AI, using human intelligence capabilities, will generate and send notifications to the users—most importantly to the departments (auditees)—regarding the deadline for compliance with PAC decisions.
- **Voice-Supported Search:** Enabling PACIS with voice-supported search will optimize the data retrieval process from huge databases. For example, a user can ask a question like: "Show me all unsettled audit observations from Audit Year 2023 in the Education Department."
- **Need-Based Dashboard:** Higher-ups always appreciate information at a glance and visualization. PACIS supported by AI will generate real-time and need-based extracts and visuals for the PAC and other users. The existing system has a dashboard, but its features are limited.

- **Resource Library:** Every audit observation is raised on the basis of criteria violated by the department. The existing PACIS has the "Resource Library" function. The AI-supported resource library will make the system more dynamic and responsive.

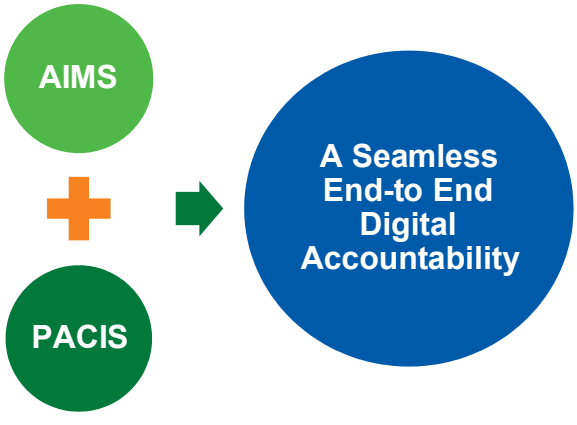
2) Mobile Application for PACIS (View-Only Access)

Supporting the PACIS with view-only-access through android and iOS application will help the users to connect with system on-the-go. This connectivity will make the PACIS more efficient, effective and responsive. The application will allow all the users to have real-time access to system generated notifications regarding meeting notices, departmental replies, audit comments, minutes of meetings and most importantly pertaining to deadlines for compliance with PAC directives by the departments (auditees). The mobile application will allow the users to get themselves prepared for the meetings, anywhere and anytime, at their ease.

3) Integration of PACIS with Audit Management Information System (AMIS)

The Department of the Auditor General of Pakistan (DAGP), under its Strategic Plan for 2023-26, is digitalizing the entire audit lifecycle covering planning, execution, reporting, and follow-up processes. The system is being digitalized with the financial support of the World Bank through the Audit Management Information System (AMIS), an SAP-based ERP.

The final output of the AMIS will be the Auditor General's report, which currently, in National and Provincial Assemblies of Pakistan, except the Provincial Assembly of Balochistan, is manually submitted to the PAC for examination and scrutiny purposes. The PAC wing at the Provincial Assembly of Balochistan enters all audit observations from the said report, one by one, against the designated departments in the PACIS – the only task that still remains cumbersome. Integration of AMIS and PACIS will not only eliminate this manual bottleneck but will also enable end-to-end digital governance in Pakistan.



Conclusion

Oversight is one of the main functions of any parliament. Parliaments across the globe in general and in Commonwealth nations in particular use different instruments and mechanisms to hold the executives accountable for their actions. One of the most important mechanisms in Commonwealth countries is the PAC, to examine the use that Government makes of public money – more broadly to perform the function of public financial accountability. To make this important mechanism more efficient, effective, productive, transparent, secure, and data-driven in this digital age, the intervention of technology is inevitable. Hence, drawing on the successful implementation of the Public Accounts Committee Information System (PACIS) in the Provincial Assembly of Balochistan, it is strongly recommended that oversight functions, particularly within Commonwealth nations, be reimagined through digital transformation and artificial intelligence.

End-Notes

1. *Holding Government to Account (150 years of the Committee of Public Accounts) 1857-2007.*
2. *Government of India Act, 1919 and Indian Legislative Rules.*
3. *Official website of the Commonwealth of Nations.*
4. *Official website of the Commonwealth Parliamentary Association (CPA).*
5. *Constitutions of the Islamic Republic of Pakistan, 1956, 1962 and 1973.*
6. *Rules of Procedure & Conduct of Business of National Assembly and respective Provincial Assemblies.*
7. *Rules of Procedure & Conduct of Business of National Assembly and Provincial Assemblies in Pakistan.*
8. *SAI Independence Resource Center and Constitution of Islamic Republic of Pakistan, 1973.*

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