

# **ENHANCING FINANCIAL OVERSIGHT OF THE SECURITY SECTOR IN THE SAHEL**

**Oswald Padonou**

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and Mohammed Salah Aldin,  
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DCAF – Geneva Centre for Security Sector Governance is dedicated to improving the security of states and their people within a framework of democratic governance, the rule of law, respect for human rights, and gender equality. Since its founding in 2000, DCAF has contributed to making peace and development more sustainable by assisting partner states, and international actors supporting these states, to improve the governance of their security sector through inclusive and participatory reforms. It creates innovative knowledge products, promotes norms and good practices, provides legal and policy advice and supports capacity-building of both state and non-state security sector stakeholders.

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# LIST OF ABBREVIATIONS, ACRONYMS, BOXES, AND TABLES

<b>BFDC</b>	Budget and Finance Disciplinary Court
<b>BPD</b>	Budget Policy Debate
<b>CSOs</b>	Civil Society Organizations
<b>MTEFs</b>	Medium-Term Expenditure Frameworks
<b>SAIs</b>	Supreme Audit Institutions
<b>SSR</b>	Security Sector Reform
<b>TI</b>	Transparency International
<b>WAEMU</b>	West African Economic and Monetary Union

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# Introduction to the manual

01

## Learning objectives of this chapter

### Readers of this chapter will be able to:

- Define the aim and identify the target audience of this manual.
- Define what is meant by financial oversight in the security sector.
- Identify the primary actors of the security sector.
- Identify the primary actors responsible for financial oversight in the security sector.
- Recognise the importance of financial oversight in the security sector.

## What is the purpose of this manual?

This manual outlines the mechanisms, principles, and primary actors of financial oversight in the security sector. Its content may also serve as a reference for training or capacity-building purposes, or even as a catalyst for reform in organizations responsible for financial oversight in the security sector.

Readers of this manual will be able to:

- define what is meant by financial oversight in the security sector;
- identify the actors who exercise financial oversight in the security sector in a formal or informal capacity;
- describe how budgets are programmed in the defence and security sector;

- recognise how interaction between these actors can increase transparency and accountability in security sector governance; and
- appreciate how a culture of sound financial management in the security sector can improve standards within the armed forces and security services, on the one hand, and promote socio-economic development across society, on the other.

## What themes are covered in this manual?

This instructive manual offers information about, and valuable insights into, security sector governance across the Sahel region for all elected officials, professionals, and citizens with an active interest in this particular field.

It describes the roles of inspection services, parliament, and supreme audit institutions (SAIs) in the financial oversight of the security sector. It also provides practical advice to other actors operating in this field in a formal or informal capacity.

The first chapter defines the concept of financial oversight and underscores the degree to which it contributes to good security sector governance.

Chapter two presents the principles, concepts, and methods by which budget programming in the security sector is underpinned.

Chapter three examines the role of inspection services while chapter four explores the role played by parliament and the mechanisms through which it scrutinises security sector finances.

Chapter five considers how parliament can play a more prominent role by working closely with other formal or informal actors involved in financial oversight.

Chapter six addresses one of the major obstacles to good security sector governance, namely access to information. For this purpose, it examines the framework for the protection of classified information.

Finally, chapter seven sets out a number of other measures that can be taken to enhance financial oversight in the security sector.

## Who is the target audience for this manual?

This manual will be of use to anyone with an active interest in the financial oversight of the security sector, not least any expert or layperson who may employ the methods presented herein as part of the role they undertake, namely:

- inspectors of authorities charged with the task of inspecting the armed forces, security services, and finances;
- members of parliament and parliamentary committees set up to scrutinise finances and budgetary matters, and to oversee defence and security sector institutions;
- SAI members and civil society actors whose expertise and support are made available in furtherance of financial oversight tasks;
- civil service officials, in so far as they are in a strategic position to compile and implement the budgets of defence and security institutions;
- representatives of the executive branch and ministries responsible for overseeing the compilation and implementation of defence and security budgets; and
- training instructors, researchers, journalists, and students with an active interest in the basic principles of financial oversight in the security sector.

The content of this manual is presented in a descriptive manner, in the form of a series of questions and answers. The learning objectives are summarised at the beginning of every chapter.

## The political and security challenges facing the Sahel

This manual has been produced in light of the regional conference on security sector resource management organised by DCAF in Bamako on 17 and 18 March 2021; and of several assessments, training initiatives and discussions respectively carried out, undertaken, and held in Burkina Faso,

Mali, Mauritania, and Niger to share experiences of – and identify best practices in – the financial oversight of the security sector.

A live audit of the legal and regulatory frameworks governing the management of resources allocated to security and defence across the Sahel has shown that while they are undoubtedly necessary, their effectiveness is undermined by a lack of precision and the highly limited degree to which they are actually implemented.

The institutions involved in these initiatives recognise that action is needed to build greater public trust in defence and security forces, for instance by increasing transparency and accountability based on internal and external inspections and audits of their governance and performance.

Significant progress to the security sector reform (SSR) has already been made in several areas: national security strategies and military and national security programming legislation have been introduced to streamline the strategic coordination of security sector governance; national councils have been established in almost every country; and regional frameworks have been adopted (ECOWAS, AU).

In recent years, the political context of the Sahel region has become relatively unstable and its security situation has slowly deteriorated.

Several states and partner organizations have responded by offering their support to governments and regional organizations across the Sahel in a bid to raise the professional standards and improve the competence of armed forces and security services, while impressing upon them the importance of good governance.

## What is meant by financial oversight in the security sector?

Financial oversight of the security sector is the mechanism by which states are able to guarantee that the financial resources they allocate to public security are spent in a transparent and accountable manner.

Effective financial control of the security sector ensures that:

- the institutions to which resources are allocated adhere to the oversight mechanisms imposed by independent institutions responsible for verifying the effectiveness of services and proposing corrective measures or even handing down penalties in the event that service delivery is found to be defective;

- audit institutions acting in a formal or informal capacity systematically monitor the way in which allocated public funds are used by armed forces, the police, and security services;
- inspection services, parliaments, judicial authorities, and SAIs identify, investigate, and remedy breaches of financial accountability laws, regulations, and policies committed by defence and security bodies;
- administrative procedures or criminal proceedings are respectively undertaken or instituted against members of defence and security bodies found to have engaged in acts of corruption;
- civil society and universities coordinate public and inclusive debates to assess and forecast the funds that the state will need to allocate to human, tangible, and intangible resources;
- the media can, in a completely free and independent manner, carry out investigations and report on the way in which the security sector uses the public funds it receives.

## Which actors are involved in the financial oversight of the security sector?

Two kinds of actors are involved in the financial oversight of the security sector. Firstly, formal actors such as the government and its ministries have the particular task of scrutinizing security sector finances. And secondly, informal actors such as the media, civil society organizations (CSOs), and think tanks have an increasingly prominent role to play in supporting the actions of formal actors.

The formal actors involved in the financial oversight of the security sector include, but are not limited to:

- **Auditors and accountants operating within pre-eminent security and judicial institutions** including inspectors-general, internal auditors, or mediators for the armed forces. They conduct investigations and internal audits in response to any suspicions of financial fraud or mismanagement of public funds allocated to armed forces and security services.
- **Ministries** including the ministry of finance and its budget, treasury, financial oversight, public procurement, and inspection departments; the ministry of defence; the ministry of the interior; the ministry of justice; and the ministry of planning. Their primary function is to develop – and determine the cost of – national security

strategies. These ministries compile the budget that is to be allocated to the primary actors operating in the security and justice sectors, and oversee budget implementation. They also manage and validate the expenditure of these actors. All these ministries report back to the council of ministers and the president's office.

- **Members of parliament and the special committees to which they are appointed.** Examples of committees include the defence and security committee or the finance and budget committee.

Members of parliament legislate on defence and security matters and vote on the budget allocated by the state to the resources needed to implement security policy. They also construct a legal framework capable of enhancing the financial accountability of security institutions. The remit of special committees requires them to scrutinise security expenditure and investigate any suspected misappropriation of public funds.

- **Supreme audit institutions (SAIs).** These independent national bodies conduct external audits of security sector institutions. Their auditing teams review security sector spending and issue an independent opinion on the way in which primary actors responsible for security, on the one hand, and their executive and oversight agencies, on the other, use the resources in pursuit of their operational objectives.

The informal actors involved in the financial oversight of the security sector include:

- **Civil society organizations (CSOs).** They include national or transnational associations whose purpose is to promote good governance and uphold human rights; think tanks; universities and research centres; and other similar bodies. They may:
  - seek to review the public funds allocated by the state to the defence and security sector, or be assigned to perform such a task;
  - produce independent analysis of the national budget and its individual security-related items;
  - check whether the “defence and security” components of the national budget are consistent with the government's priorities and the public's expectations in relation to national security;
  - intensify efforts to increase transparency and accountability in defence and security budgetary processes;



- investigate acts of corruption or misuse of funds by defence and security sector personnel; and
- develop training programmes on financial management in the security sector.
- **The media** including the written press, audiovisual media, and media development organizations. They may:
  - conduct investigations into the financial management of security institutions;
  - increase public awareness of the way in which budgets are programmed in the defence and security sector;
  - provide vital and independent information about how public funds are used in the defence and security sector; and
  - publish SAI reports on the state's defence and security expenditure.

Whether or not whistleblowers are active in the media or civil society organisations, they act, first and foremost, as concerned citizens and should, as such, be protected by law.

## What are the advantages of financial oversight in the security sector?

The advantage of scrutinizing security sector finances is that actors operating in security and justice sectors are accountable for their use of public funds. By effectively scrutinizing finances in this way, states can be sure that:

- their resources are deployed according to the actual security needs of civilians;
- state defence and security expenditure are managed effectively and transparently;
- the primary actors operating in the security and justice sectors continue to be accountable to financial audit institutions and responsive to the requirements of society;
- the allocation of public funds to the defence and security sector does not adversely affect programmes that seek to reduce poverty and promote sustainable socio-economic development.

## Which actors operate in the security and justice sectors?

The agencies, organizations or institutions responsible for delivering public defence and security services. The security sector includes any organizations and other institutions involved, in one way or another, in defining mandates, setting out plans, and implementing and assessing security policies.

## Box 1. What is the security sector?



It includes actors operating in the security and justice sectors, on the one hand, and their audit institutions, on the other. The legal and political framework regulates their accountability, organization and cooperation.

### Actors operating in the security and justice sectors:

- Security forces (armed forces, gendarmerie, police, national guard, customs, waters and forests, and intelligence and security services).
- Judicial institutions and institutions charged with enforcing the law (courts, public prosecution service, and penal institutions).

### Executive and oversight institutions:

- Agencies responsible for governing and exercising oversight of the executive branch (president's office; council of ministers; ministries of defence, the interior, justice, and finance).
- Agencies responsible for governing and exercising oversight of the legislative branch (parliament, parliamentary committees, and independent administrative authorities).
- Informal audit institutions (CSOs, the media, professional and research organizations, and lobbies).

# Security sector budgetary programming

02

## Learning objectives of this chapter

Readers of this chapter will be able to:

- Define what a budget is;
- Describe the stages of the annual budget cycle;
- Recognise the role of the various actors involved in the budget cycle;
- Define the scope of budgetary programming in the security sector;
- Understand medium-term budgetary programming and its application to the security sector;
- Apply the principles of performance and results-based budgetary programming to the security sector.

Financial audit institutions closely monitor budgetary programming processes in the security sector. The following chapter presents the various phases of the budgetary programming process within the security sector, and describes the role of financial audit institutions in each of these phases.

## What is a budget?

The budget is a detailed document outlining projected expenditure as well as revenues, deficits, surpluses, and debts expected to accumulate during any given financial year.

The annual national budget presents the government's spending plans for all sectors of state activity during any given financial year (generally the calendar year).

The budget is the government's key policy document. It should be comprehensive, encompassing all government revenue and expenditure<sup>1</sup>. The budget sets out the revenue and expenditure approved under the finance act voted by the parliament.

It cannot therefore be regarded exclusively as a financial tool. It is a comprehensive declaration of national policy which provides an overview of the public funds set aside for all government departments, including defence and security.

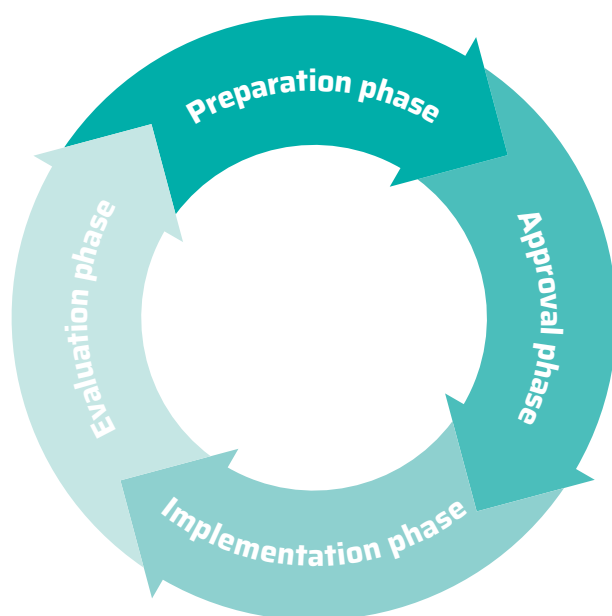
During the annual budget cycle, as described below, finances are scrutinised during each of the four principal phases.

## What is the annual budget cycle?

The annual budget cycle consists of four phases in which decisions about the national budget are made:

1. The preparation phase
2. The approval phase
3. The implementation phase
4. The evaluation phase

This chapter describes how defence and security expenditure is accounted for during each of the four stages of the annual budget cycle. It also identifies the actors involved in each phase, and outlines their contribution to financial oversight.



### 1. The preparation phase.

The national budget is debated and placed on record by the corresponding state agencies during the preparation phase. The primary actors of the security and justice sectors, represented by their oversight and executive agencies, prepare the “defence and security” components of the budget.

The primary actors involved in this phase are the security and justice sector actors (see box 1) and the ministries tasked with financial oversight (essentially the ministry of finance, the ministry of the interior, the ministry of planning, and the ministry of justice). Their tasks include:

- reviewing expenditure from the previous financial year;
- setting out the state’s objectives and strategy for the next financial year;
- determining medium and long-term expenditure;
- adapting the budget to the wider budgetary capabilities and priorities of the state; and
- preparing the budget document; submitting it to the corresponding authorities; and presenting it to parliament.

### 2. The approval phase.

During the budget approval phase, the draft version of the national budget is submitted to parliament at least three months in advance of the beginning of the financial year. This timeframe gives parliament and its special committees enough time to analyse the budget document, seek clarification, introduce any necessary changes, and either approve or (occasionally) reject it.

The primary actors involved during this phase are the parliamentary budget and finance committee, special committees (for instance the defence and security committee), and the entire parliamentary assembly. Their tasks include:

- reviewing the proposed budget;
- amending the budget following discussions with the executive branch; and finally
- approving the budget.

### 3. The implementation phase.

During the budget implementation phase, the spending authorities and agencies (i.e., the primary actors operating in the security and justice sectors, on the one hand, and their oversight and executive agencies, on the other) use the allocated funds to finance their operations and investments.

The primary actors involved in this phase are the security and justice sector actors, as well as their executive and oversight agencies, such as the ministry of finance. Their tasks include:

- implementing the finance act;
- managing resources; and
- delivering results and services.

### 4. The evaluation phase.

During the budget evaluation phase, SAIs, parliaments, and CSOs audit and review the performance of spending agencies. As part of these processes, defence and security institutions are audited and assessed.

The primary actors involved in this phase are the ministry of finance and other competent ministries, parliament, audit institutions, and CSOs. Their tasks include:

- conducting an in-depth analysis to ascertain whether the budget has been implemented in accordance with legal and financial requirements, and to ensure that institutions are effectively meeting their performance objectives;
- auditing security sector institutions and their programmes; and
- publishing reports for the parliament, the executive branch, and the general public.

## How does the national budget cover defence and security expenditure?

The annual national budget includes different items. Those dedicated to defence and security quantify the funds that the primary actors operating in the relevant government departments are authorised to spend in the interests of public security.

The resources, set aside either for operational or investment purposes, are assigned to the missions and programmes undertaken by the various government departments.

Defence and security institutions arrange for special departments and agencies to prepare detailed and quantifiable budget items in view of operational strategy requirements. These items tend to cover:

- personnel expenses (remuneration, allowances, bonuses and incentives, equipment, etc.);
- administrative expenses (travel and subsistence expenses, transport expenses, pension schemes, social support expenses, and research and communication expenses);
- warehouses, ammunition and explosives, spare parts and components for equipment maintenance purposes, building materials, office supplies, fuel, clothing, etc.;
- equipment such as vehicles, weaponry, machinery, and furniture;
- building of facilities or lease of land and buildings;
- professional and consultancy services such as tenders, subcontracted services, and research or development programmes.

### Box 2. What are the core principles of effective budgetary programming?

1. **Comprehensiveness.** The budget must cover all the fiscal operations of government, encompassing all public expenditure and revenues to enable full and informed debate of the trade-offs between different policy options.
2. **Predictability.** Spending agencies should have certainty about their allocations in the medium term to enable them to plan ahead. Stable funding flows support departmental planning and efficient and effective delivery.
3. **Contestability.** No item in the budget should have an automatic claim to funding. All policy and attached funding should be regularly reviewed and evaluated in order to ensure prioritization and optimal performance of spending agencies.
4. **Transparency.** All relevant information required for sound budgetary decision making should be available in an accessible format, and in a timely and systematic fashion. Budget information needs to be accurate, reliable and comprehensive.
5. **Periodicity.** The budget should cover a fixed period of time, typically one year, and the process of compiling the budget should follow a clear and reliable schedule that is agreed upon and published in advance.

Source: "Effective Financial Scrutiny: The Role of Parliament in Public Finance", World Bank Parliamentary Staff Training Program, p. 19, <https://documents1.worldbank.org/curated/en/110391587967339662/pdf/World-Bank-Parliamentary-Staff-Training-Program-Effective-Financial-Scrutiny-The-Role-of-Parliament-in-Public-Finance.pdf>

**Table 1. To which defence and security institutions are public funds allocated in the national budget?**

Item in budget	Institutions
<b>National defence</b>	<ul style="list-style-type: none"> <li>• Armed forces, as part of the missions they undertake at home and abroad.</li> <li>• Military sector civil administration, including the president's office, prime minister's office, the ministry of defence, and any government agencies assigned to deliver national defence support services.</li> <li>• Paramilitary forces. They have professional military status and, in the same way as the gendarmerie or national guard, their role is to improve national security. (In any event, these tasks may be included in the budget of the ministry of defence or the ministry of the interior).</li> </ul>
<b>National security</b>	<ul style="list-style-type: none"> <li>• The police and other public order and law enforcement agencies (gendarmerie, national guard, waters and forests).</li> <li>• Civil administration of the police and other public order agencies (operating under the authority of the ministry of the interior).</li> <li>• Local authorities (governors, prefects, sub-prefects, mayors).</li> </ul>
<b>Border surveillance and management</b>	<ul style="list-style-type: none"> <li>• Customs administration (ministry of finance).</li> <li>• All other forces.</li> </ul>
<b>Emergency and civil protection services</b>	<ul style="list-style-type: none"> <li>• Military fire-fighters unit.</li> <li>• Civil protection agency.</li> </ul>
<b>Prison system</b>	<ul style="list-style-type: none"> <li>• Prison administration. These tasks may be included in the budget of the ministry of the interior or the ministry of justice.</li> </ul>
<b>Intelligence</b>	<ul style="list-style-type: none"> <li>• Intelligence services. They may be civilian or military. Generally speaking, several departments undertake intelligence-related operations which may be included in the budget of the president's office or the ministry of defence, the ministry of the interior, or the ministry of justice, as services delivered under the direct authority of the executive branch.</li> </ul>
<b>Strategic security management</b>	<ul style="list-style-type: none"> <li>• National security council. This institution may be administered independently or act in an advisory capacity under the authority of the head of the executive branch.</li> </ul>



## What is medium-term budgetary programming and how is it applied to the security sector?

Medium-term budgetary programming is a strategy for consolidating financing and planning processes. In the security sector, the method links the financial management of primary actors operating in the security and justice sectors, on the one hand, and the state's defence and security policy formulation and planning processes, on the other.

The aim of medium-term budgetary programming in the security sector is to anticipate the financial requirements of the primary actors operating in the security and justice sectors within a medium-term timeframe of two to five years. The method of medium-term budgetary programming is applied to the security sector to tailor security and defence policies to the state's actual and projected financial capacities. On this basis, public funds are allocated to the spending agencies of security institutions. As such, the police or intelligence services receive resources in view of estimated medium-term budgets. This method must factor in the state's overall fiscal objectives.

The medium-term budgetary programming approach is right for the defence and security sector given:

- the regular review of the strategic and security situation;
- the assessment of available financial resources;
- the changing nature of medium-term security threats facing society;
- costly operations such as peacekeeping or warfare; and
- the need for more resources to be allocated to other public sectors such as health, education, or social development.

In many developing countries, the security sector adopts a medium-term budgetary programming approach as part of the medium-term expenditure frameworks (see box 3).

### Box 3. Medium-term expenditure frameworks

Medium-term expenditure frameworks (MTEFs) offer an integrated approach to the planning and budgetary programming of state policies. They are used by countries to estimate expenditure over a three-year period.

MTEFs seek to link medium-term strategic planning and the annual budgetary programming process in such a way so as to tailor expenditure to clearly defined priorities and available resources.

The MTEFs implemented by the primary actors operating in the security and justice sectors include the following stages:

- comprehensively itemizing the primary actors operating in the security and justice sectors;
- identifying – and obtaining a consensus on – their objectives and priorities;
- identifying the action needed to achieve these objectives and priorities;
- estimating the costs of this action; and
- obtaining approval to spend the funds.

*See: World Bank, Public Expenditure Management Handbook (Washington: World Bank, 1998, <http://www1.worldbank.org/publicsector/pe/handbook/pem98.pdf>)*

## What is meant by military and national security programming legislation?

Niger was the first to introduce military programming legislation (for the five-year period between 2004-2008), followed by Mali in 2015 and Burkina Faso in 2017.

In terms of public finances, the purpose of military programming legislation, or national security programming legislation, is to determine the public funds that the state will need to allocate to its armed forces and security services over the course of a number of years. Annual finance laws make special provision for the corresponding



appropriations in order to meet the requirements established under the programming legislation.

This kind of legislation disregards the principle of annuality given the nature of security spending and the changing nature of security threats. For that reason, medium – to long-term spending programmes for personnel and equipment requirements have to be anticipated, planned, and ring-fenced.

## How can a medium-term budgetary programming approach benefit a national security policy?

Analogies are typically drawn between medium-term budgetary programming in the security sector and the formulation of a national security strategy (also known as a “national security policy”). National security policies are sensitive to the changing nature of the internal and external security threats facing the state.

### Box 5. Value for money

The phrase “value for money” means that the actors operating in the security and justice sectors are worth the money taxpayers spend on them. It ensures that these services take into consideration the security-related needs and priorities of taxpayers.

The answers to the following three questions can be used to determine whether security sector institutions offer value for money:

- **Resource management:** Do defence and security institutions receive the resources (personnel, buildings, equipment, etc.) they need to undertake an activity in a cost-effective way?
- **Efficiency:** Do defence and security institutions achieve their objectives based on an efficient use of resources?
- **Effectiveness:** Do defence and security institutions achieve the political objectives set out in the allocated budget?

*Adapted from: Hans Born, Phillip Fluri, Anders Johnsson, Parliamentary Oversight of the Security Sector: Principles, Mechanisms and Practices (Geneva: DCAF, 2003), p. 132*

For the purpose of formulating a national security policy, a medium-term budgetary framework makes it possible to determine how the defence and security sector can make the best possible use of state resources in the medium term (between three and five years).

## What is results-based budgeting and how is it applied to the security sector?

Results-based budgeting (also referred to as performance-based budgetary programming) is a budgeting method whereby the costs incurred by state programmes are measured against the specific outcomes that the corresponding primary actors are expected to achieve. This method is used to ensure that taxpayers receive value for money for the operations undertaken by actors operating in the security and justice sectors.

As states across the Sahel, Sub-Saharan Africa, and elsewhere have long been preoccupied by defence and security costs, they have failed to appreciate the value that the sector can generate. Public spending was not necessarily rationalised. However, changes have gradually been introduced to meet the expectations and requirements of national and international institutions and, in particular, public opinion.

### Box 4. What is a national security policy?

A national security policy is a framework of the policies adopted by the state, and generally by public authorities, to keep the public safe, protect the territory, and defend the vital interests of the state. It fulfils various functions such as:

- ensuring that the government addresses all threats in a scrupulous manner;
- defining criteria to determine the effectiveness of operations undertaken by security and justice sector actors;
- offering guidance on how to implement the particular policies of the state's defence and security institutions;
- building and consolidating a consensus in respect of the primary security challenges faced by the country in question; and
- fostering regional and international trust and cooperation in matters of defence and security.

*Adapted from: DCAF Backgrounder, National Security Policy (Geneva: DCAF, 2005), p. 1-2*



Results-based budgeting allows the operating costs of defence and security institutions to be weighed against the impact and outputs of their actions. Which is why it is important for security sector institutions to:

- set measurable output and outcome goals for their operations;
- define how the outputs and outcomes of their operations are to be assessed; and
- factor these expected outputs and outcomes into their budget documents and reports (accountability).

### What are the advantages of results-based budgeting and its adoption in the security sector?

Authorities and defence and security institutions use results-based budgetary programming to set measurable objectives. This format supplements the more traditional line-item budgeting method which prioritises the definition and quantification of inputs. Moreover, results-based budgeting makes it possible to:

- place a greater emphasis on the outputs and outcomes that actors operating in the security and justice sectors are expected to deliver on the basis of the public funds they receive;
- identify the resources these actors need to carry out their operations;
- determine whether the requested resources are commensurate with the objectives of actors;
- make every effort to ensure that budgeted resources are allocated to the activities/programmes that deliver the best results and make a positive impact;
- promote a holistic approach to the government's security-related activities and programmes; and
- monitor the value for money of security sector operations according to a procedure with clear performance objectives and indicators.

The table below displays examples of the performance objectives and indicators that can be used when applying the results-based budgeting method to law enforcement operations.

#### Box 6. Results-based budgeting for the security sector: Defining inputs, outputs, and outcomes

- **Inputs** refer to the resources an organization obtains or receives for the purpose of carrying out its operations. For example, the equipment that the police needs to enforce the law such as surveillance cameras.
- **Outputs** are the measurable concrete results of the work undertaken by actors operating in the security and justice sectors. For example, the number of speeding drivers apprehended by the police during a targeted operation or a campaign to reduce crime. Outputs tend to be easier to measure than their outcomes.
- **Outcome** denotes all the effects of a single operation. For example, one potential outcome of a police operation may be to make roads safer for road users and pedestrians alike. The outcomes of a law-enforcement operation are much harder to measure than its outputs. Moreover, it is more difficult to determine the extent to which a public institution, such as the police, has contributed to the outcome of an operation.

*Adapted from: "OECD Budget Practices and Procedures Database, phase II" (Paris: OECD, 2006), p. 5, <http://www.oecd.org/dataoecd/21/24/39628689.pdf>*

**Table 2. Performance objectives and budget indicators: Examples of application to objectives set by authorities**

Objectives set by authorities	Examples of performance objectives	Examples of performance indicators
<b>Reduce crime rates</b>	Reduce assaults in public places by 25% during the financial year.	Number of assaults in public places reported to the police this year compared to last year.
<b>Rise in proportion of crimes solved by police</b>	At least 30% of reported crimes solved and referred to prosecutor's office.	Number of concluded investigations and criminals apprehended by the police and handed over to the prosecutor's office, in relation to the total number of crimes reported.
<b>Visibility and accessibility of the police</b>	At least 85% of the public who require police support are satisfied with response times.	<ul style="list-style-type: none"> <li>• Response time after standard number is called.</li> <li>• The time it takes to issue passports, national ID cards, and residence permits.</li> <li>• The turnaround time for issuing a firearms permit.</li> </ul>
<b>Optimised coverage of land by the army</b>	All the departments or areas where defence forces are active have a military unit the size of a brigade.	Number of barracks built, and units installed per department/ area in which defence forces are active.



# How can the inspection authorities of armed forces and security services enhance financial oversight in the security sector?

03

## Learning objectives of this chapter

Readers of this chapter will be able to:

- Understand the role of inspection services in administrative management and performance oversight;
- Understand the challenges faced by inspection services across the Sahel region.

## Why do defence and security forces have their own inspection service?

Organisations (public services, businesses, civil society, etc.) often separate their operational management and oversight functions as they seek to guarantee transparency, accountability, and effectiveness.

Inspection services not only scrutinise, monitor, and verify, but also offer advice with a view to ensuring that resources are used efficiently and that safeguards are in place to prevent mismanagement.

As in any other organisation, the inspection services of defence and security forces have the authority to review their performance. From an administrative perspective, inspection services basically carry out an internal audit. Their independent and objective service confirms to the organisation that its procedures and operations are up to standard and that its organisational or financial information is both accurate and relevant.

Operating independently of implementation, the inspection service generates value added by carrying out “preventive maintenance” and exercising “local oversight” prior and in addition to

the oversight function undertaken by SAIs, which act independently both of implementation, and of the chain of command of armies, police forces, and the government.

The administrative audit undertaken by the inspection services bears no relation to the financial propriety audit conducted by financial oversight officials. Financial oversight is an integral part of the expenditure chain in so far as it relates (or is supposed to relate) to all financial transactions. It is also embedded in the procedure since it does not intervene *a priori* or *a posteriori* of the procedure.

Conversely, the audit undertaken by the inspection service may take place either before (risks brought to light, advice, etc.) or, typically, after the event (checks, detection of errors, proposed penalties, etc.).

In accordance with legislation relating specifically to inspection services, they may or may not act on their own initiative and prepare and execute systematic and random or ad-hoc inspection plans, at the instigation of authorised institutions or after a complaint has been made.

Across the Sahel region, the Inspectorate-General of Armed Forces and the Technical Inspectorate of Services of the Ministry of Security are operational in Burkina Faso.

Mali has established the Inspectorate-General of Armed Forces and Services and the Inspectorate of Security and Civilian Protection Services.

In Mauritania, the Inspectorate-General of Armed Forces and Security Services is active.

Niger has the Inspectorate-General of Armed Services and Gendarmerie and the Inspectorate-General of Security Services.

Finally, Chad has a Comptroller-General of Armed Forces and inspectorates-general for the national police force, gendarmerie, and national guard.

## **How do the procedures for reviewing management, operations, and performance compare and contrast?**

Management reviews examine the propriety of expenditure and budgetary procedures. They set out to verify the integrity of transactions involving public finances, to detect acts of mismanagement, and identify their root causes.

Inspection services of armed forces and security services are assigned not only to check the propriety of expenditure, but also to conduct an operational audit to ensure that equipment and infrastructure is effectively maintained. As part of the second aspect of their assignment, they review the operational status of all weaponry and human resources, on the one hand, and the reliability of support (procurement, supply, quarters, etc.) and information (transmission) systems, on the other.

The performance review overlaps the first two procedures which focus on different aspects: financial resources, on the one hand, and the condition of the equipment, operational procedures and human resources deployed by the institution, on the other. This third review examines the impact of allocated resources and tasks undertaken by institutions responsible for maintaining public and state security, with a view to determining whether the security situation has actually improved. On the basis of appropriate indicators, inspection services are able to evaluate the outcomes of the operations undertaken by armed forces and the police, and to establish a performance benchmark for defence and security forces, policymakers, and civilians.

However, inspection services do not always have access to the resources they need to conduct the three types of review to a reasonable standard.

Their own performance is affected by several factors.

## **What is the hierarchical position of inspection services within the organisation of armed forces and public security services?**

The hierarchical position occupied by inspection services within an institution is key to understanding their relative importance in decision-making and oversight.

By and large, the inspection bodies of security services report to the ministries of the interior and security. In most countries, their budget provisions are negligible, and their inspections are so limited in frequency and scope that they are not able to make any meaningful headway against corruption or ineffective operational practices.

The inspection services of armed forces also act under the authority of defence ministers, except in Niger where they report directly to the president's office. This arrangement may either be to the services' advantage (independence from the ministry of defence and armed forces) or disadvantage (lack of proximity, ability to gather information diminished, etc.).

Either way, chiefs of staff and senior officials supersede or outrank inspectors, given their decision-making powers and their particular insight into the inspection service (a situation considered by some to be counter-productive), to such an extent that it is important to redefine and reconsider the role of inspection services and the assignments they carry out.

## **Who are the inspectors responsible for inspections and audits?**

The inspection service remains a secondary professional pursuit for which professional qualifications alone are not enough to deliver an effective oversight service. A competent inspection service requires not only skills and expertise, but also experience.

Excluding senior officials who specialise in financial management, several other agents from different professional backgrounds are assigned to carry out inspection tasks under the authority of an inspector general and with the assistance of a support team.

## **What challenges do the inspection services of defence and security forces face?**

Inspection services frequently face unpredictable situations; sometimes the skills of their personnel are limited; they receive insufficient human and material resources; and their autonomy to act on a discretionary basis is limited or even non-existent.

Moreover, the inspection services of armed forces and security services do not maintain close working relations with external, inter-ministerial, and supreme audit institutions (inspectorate-general of finance, state inspectorate-general, court of audit, etc.).

# How can parliament enhance financial oversight in the security sector?

04

## Learning objectives of this chapter

Readers of this chapter will be able to:

- Recognise the role that parliament plays in the financial oversight of the security sector;
- Describe the tasks undertaken by parliament at every stage of the annual budget;
- Identify the financial oversight tools at parliament's disposal;
- Explain the functions and structures of parliamentary committees involved in financial oversight;
- Identify and address the principal challenges faced by parliament in its financial oversight tasks.

## What role does parliament play in the financial oversight of the security sector?

Parliament's role is to ensure that the public's security needs and interests are factored into the budgetary programming process. Parliament is also responsible for holding executive auditing authorities to account for their use of public funds, including in the security sector.

In the task of scrutinizing security sector finances, parliament is required to discharge its two most important duties: legislate and exercise oversight.

- **Legislate.** Parliament establishes and amends the legal framework for financial accountability within defence and security institutions. It enacts the annual budget into law and passes laws to regulate the management of the human (status of armed forces and police) and material resources of security institutions, as well as the mandates of their oversight institutions.
- **Exercise oversight.** Parliament scrutinises the budget of security institutions. In many countries, including those of the Sahel region, parliament and its special committees have the power to amend the budget document prior to approval. Members of parliament regularly hold plenary sessions or committee meetings to discuss the merits of the government's funding requests. As part of this task, they contextualise these requests, the threats to national security, and the country's fiscal position. Parliaments can also dispute the spending policies of security institutions. To this end, they may organise public hearings to which civil service officials responsible for security spending decisions may be summoned to explain why and how resources will be allocated.

Yet, the obligation to pass a balanced budget in accordance with community regulations (e.g., WAEMU) and the economic objectives set out by the government, somewhat limits the right of amendment of members of parliament. An amendment to a finance bill cannot be tabled or approved by a parliament's plenary session except in strictly limited circumstances and provided that the amendment is duly reasoned and does not compromise the balance of the budget.

Moreover, members of parliament may take steps to check that financial resources are being put to effective use in practical terms, and produce parliamentary reports on the way in which the security sector actually spends its funding.

When a parliament votes on a piece of military programming and national security programming legislation, it has the opportunity to express its view on defence and security policy, i.e., a domain which, as reflected in presidential policies implemented across the Sahel, is (wrongly) considered to fall within the exclusive purview of the executive branch. This is a misconception as defence and security policies are formulated not at the whim of the head of the executive, i.e., the president, but in accordance with the law. And the president, as commander in chief of the armed forces, performs the supreme executive function of subordinating the armed forces to legitimate political authority.

### Box 7. What is included in the legal framework for financial accountability in the security sector?

Financial accountability laws establish a framework for the management of public funds and public property. These laws include:

- The state's constitution, which enshrines the separation of powers and the oversight function of parliament;
- Financial administration laws governing financial transactions involving public funds;
- Financial accountability laws enacted to increase the transparency of government spending mechanisms;
- Laws and regulations establishing ministries with the express authority to exercise financial oversight (such as the ministry of finance);
- Laws establishing SAIs (Court of Audit) or auditor-general's office;
- National anti-corruption laws and ratified international conventions; and
- The organic law pertaining to finance laws, the national budget which, once enacted by parliament and promulgated by the president, has legal force.

## Which parliamentary committees are involved in financial oversight of the security sector?

The parliamentary committees involved in financial oversight of the security sector fall into one of two principal categories.

- **Committees with financial expertise.** These special parliamentary committees propose recommendations during plenary sessions on the management of public resources. They advise members of parliament how to ensure that laws or decisions pertaining to the national budget and public expenses are properly enforced.
- **Committees with expertise in matters of defence and/or security.** Parliamentary defence and security committees specialise in issues related to the armed forces, national security and foreign affairs, national affairs, and intelligence services. They proffer advice and propose recommendations during the parliament's plenary session. The advice and recommendations concern national defence and public security laws or decisions which may have a bearing on the state's finances.

## Do special committees have the authority to amend the budget document before it is approved?

Budget debates give members of parliament the opportunity to analyse – and express their views on – the merits of the government's defence and security decisions, as reflected in its funding requests. Specifically in relation to draft finance laws, the right of amendment may only be exercised if the principle of balanced budgets in public finances is upheld. In this capacity, expenditure must not be increased by any amendment tabled by a member of parliament. Moreover, the amendment will be invalid if it alters the structure of the budget, or it is not duly reasoned.

By and large, special committees (notably the defence and security committee) are not usually involved in budget debates. The finance committee conducts the parliamentary review and approval process and may invite the special committee to take part in the hearing of the relevant ministers when the draft budget is presented.



Observations about the corresponding financial volumes are occasionally submitted for consideration alongside reports produced by committee members based on the department's answers to parliamentary questions. In principle, finance and defence committees give rapporteurs the opportunity to explore in greater detail certain aspects connected with the finances of the defence sector.

### **Box 8. What is the role of parliamentary security and defence committees?**

Parliamentary security and defence committees assist by:

- Developing legislation for the defence and security sector;
- Advising on budget allocation and monitoring expenditure;
- Reviewing the government's defence policy and security strategy;
- Considering international commitments and treaties subject to parliament's ratification;
- Advising parliament on the use of force and deployment of troops abroad;
- Reviewing senior appointments to defence and security institutions; and
- Monitoring personnel policy and human rights.

*Source: Building Integrity and Reducing Corruption in Defence: A Compendium of Best Practices (Geneva: NATO-DCAF, 2013), p. 238-239*

## **What is the role of parliament in the budget preparation phase?**

The executive branch generally coordinates the budget approval phase without the formal involvement of parliament. Yet, the budget is not necessarily prepared behind closed doors. The process increasingly involves public debates with members of parliament and civil society representatives. Members of parliament take part in budget preparation by delivering presentations to committees and speeches during plenary sessions. These debates are often motivated by discussions within political parties represented in parliament. They can influence budget preparation when:

- Budget preparation is part of a broader planning process such as the development of a national security policy;
- Major changes in the state's security situation require the involvement of members of parliament in planning; or members of parliament act in light of previous acts of financial mismanagement and acts of corruption perpetrated by the primary actors operating in the security and justice sectors.

During the budget preparation phase, parliament may be required to review a pre-budget report published by the government. The OECD recommends that the report should "state explicitly the government's long-term economic and fiscal policy objectives and the government's economic and fiscal policy intentions for the forthcoming budget and, at least, the following two fiscal years"<sup>2</sup>.

## **What is a budget policy debate?**

The budget policy debate (BPD) gives parliament the opportunity to express its view during the budget preparation phase. Following production and approval by the council of ministers, the multi-year budget and framework documents are submitted to parliament by the minister of finance where they must be debated by 30 June of the calendar year. The idea is to debate the defence and security proposals presented in these documents and to give members of parliament an initial insight into the status of the budget and the appropriation needs of the defence and security sector, in advance of the discussion on the following year's finance bill. The ultimate aim of the BPD is to prompt parliament to debate the main public policy

<sup>2</sup> "OECD Best Practices for Budget Transparency", *OECD Budget Management Review*, vol. 1, no. 3 (2002), p. 9.

proposals (including security) and their impact on the future prospects of public finances.

## What role does parliament play in the budget approval phase?

Parliament figures prominently in the budget approval phase. It receives and reviews the executive branch's budget document. The degree to which parliament is authorised to amend the budget and its various components, including defence and security items, before it is enacted as law, varies from country to country. It depends on the power conferred on parliament under the country's constitution. The power that parliament and its special parliamentary committees and sub-committees are able to exercise therefore ranges from unlimited to highly restricted, as shown in the following examples:

- **Unlimited powers.** In Sweden and Finland, parliaments have the power to amend any budget items, including those relating to defence and security. They can exercise this power even if the amendment increases the total amount of expenditure or creates new budget items. On the other hand, the US Congress has sweeping decision-making powers to amend budget headings to reflect changes in the country's defence and security priorities.
- **Restricted powers.** In the case of Switzerland and Spain, their parliaments are authorised to amend the budget, provided that the overall budget amount remains unchanged.
- **Limited powers.** The parliaments of the UK and Canada can only propose budget amendments, but only in so far as they reduce the overall budget.

In the countries of the Sahel region, 3 of which are subject to the budget standards of the WAEMU zone, amendment powers are relatively limited.

In most countries, national budgets, including their security and defence items, are usually approved by parliament subject to a number of minor changes. In several countries such as South Africa, New Zealand, and Australia, the result of the parliamentary vote on the budget law determines the level of confidence in the government.

## What are the parliamentary oversight stages in the budget approval phase?

The parliament's finance committee is responsible for reviewing the finance bill before the public

debate takes place. The rapporteur produces a report for the plenary. It informs committee members of the choices made by the executive branch. In addition to the rapporteur-general, who is responsible for producing the general budget balance report and assessing the quality of the information and underlying assumptions, special rapporteurs may be appointed to act as permanent correspondents for ministries, notably the defence and security ministries. As these special rapporteurs are expressly authorised to review the implementation of previous defence and security programmes, they are able to examine the accuracy of revenue and expenditure projections. The work done by the finance, defence and security committees in preparation for approval gives rapporteurs the opportunity to explore in greater detail certain aspects connected with the finances of the defence sector.

The finance committee must be allowed to question ministers of defence and security as well as senior officials (coordinators and heads of defence and security programmes) about the programmes under their responsibility and for which they are seeking appropriation.

However, what happens in practice is that only ministers or figures approved by the government appear at committee hearings in member states of WAEMU. The power conferred on parliament and its committees to summon any public official is frequently waived (citing reasons of protocol, precedence, and "respect" for the parliamentary institution which would rather government officials attend the hearings conducted by members of parliament). For if members of parliament summon a treasurer, for instance, the corresponding minister will refuse to allow him/her to attend the hearing. In either case, the parliamentary institution is deprived of information which might have been used to table informed amendments in exercise of its oversight function.



**Table 3. Sequence of parliamentary scrutiny of the defence and security budget**

Sequence	Actions
<b>Review</b>	The budget or finance committee reviews the security budget proposed by the executive branch.
<b>Amendment</b>	The budget or finance committee liaises with special committees and expresses an opinion on the proposed budget.
<b>Submission</b>	The chair of the budget or finance committee submits the budget summary report to the plenary session.
<b>Response</b>	The government formally responds to parliament. The response does not necessarily mean that the budget committee's opinion will be acted upon.

### What is the role of parliament during the budget implementation phase?

During the budget implementation phase, finance committees are particularly responsible for ensuring that the instructions of parliament are duly carried out. The executive branch is required to report to parliament every quarter to provide an update on budget implementation and the application of the text of the finance law, including in matters of defence and security.

Parliaments are authorised to conduct on-site investigations, audit documents, or collect information from the corresponding departments of defence and security ministries. They are given access to any actors involved in budget implementation and spending agencies, particularly those in the defence and security sector, provided that classified information is protected and national security requirements are taken into consideration.

While any applicable exemptions may require parliament to avoid the procedures that it would ordinarily follow, they should not prevent the institution from exercising its oversight function, which is why special procedures are put in place. Legislation must provide details of the procedures for exercising oversight in this type of situation and set out in detail the scope of exceptional procedures which are, in any case, supplementary to the normal procedures.

The reports produced for parliament either by parliamentary committees or other external oversight institutions may have political consequences (uncovering of political-financial scandals) and serve as a deterrent.

Across West Africa and the Sahel, defence and security committees conduct more and more inspections of barracks and police stations and gendarmerie squads to check that financial

resources are being spent effectively, especially on the purchase of equipment (vehicles), infrastructure (construction of buildings), and the remuneration of soldiers and gendarmerie and police officers.

Given the nature of their work, defence and security institutions are likely to propose budgetary adjustments during the financial year. These proposals may be based on changes in the security situation, such as emerging conflicts, involvement in peacekeeping operations, or natural disasters.

If applicable, parliament authorises the proposed increases in budget and scrutinises budget adjustments or requests to use contingency funds, notably by virtue of the act amending the finance law, also called “budgetary collective”.

### What oversight mechanisms are available to parliament during the budget implementation phase?

Parliaments employ several mechanisms to monitor budget implementation. In respect of defence and security spending, the most common parliamentary oversight mechanisms are as follows:

- **Questions and inquiries.** Parliaments sometimes hold plenary sessions to debate matters of defence and security. They usually take place at times of tense international relations or serious security incidents at home.
- Events of this nature may result in significant changes to legislation or funding. They enable members of parliament and parliamentary committees to:

- question government officials, such as the minister of the interior or the minister of defence, about the action they plan to take in response to the events;
- debate and pass motions to amend the defence and security budget;
- discuss audit reports on budget implementation; and
- refer suggestions or requests for special audits to SAIs.

- **Parliamentary committee hearings.**

Parliamentary committee hearings play a crucial role in the financial oversight of the security sector. For instance, special committees at the US Congress hold frequent hearings to address issues of defence procurement or sustainability of defence budgets. Depending on the sensitivity of the topics under discussion, these hearings can be open to the public or held behind closed doors. When it is determined that some items of security and defence budgets must be treated in confidence, the parliamentary committee members tasked with conducting the hearing in question may have to be vetted.

Parliamentary committee hearings make it possible to:

- conduct inquiries into specific matters related to the financial management of defence and security institutions;
- scrutinise government activities, including the allocation of funds to defence or security operations; and
- hold the government or defence and security institutions to account for their use of public funds.

Recent trends suggest that there is greater transparency and public awareness of the topics addressed during plenary sessions or parliamentary committee hearings. For example, in Burkina Faso, Niger, and Mali, the details of the way in which funds allocated to the defence and security sector are spent are systematically published in an online register coordinated by the ministry of finance (director-general for budget).

- **Ad-hoc committees of inquiry.** Parliaments may create ad-hoc committees of inquiry to which members of parliament with specialised knowledge are appointed. The ad-hoc parliamentary committees of inquiry may gather evidence in the field or on oath from ministers or senior officials who represent the relevant ministries. In some cases, high-ranking military officers or police commanders

### Box 9. Vetting parliamentary staff assigned to exercise oversight of defence and security institutions

It is a legal requirement in countries like Germany for members of parliamentary defence and intelligence committees to be vetted. Vetting procedures are designed to screen public officials before they are given access to sensitive security-related information. According to these procedures, classified documents may only be accessed by one or a limited number of parliamentary members, i.e., the chair of the security committee and any auditors, privy to confidential information in representation of audit institutions. This ensures a minimum level of financial oversight for classified defence and security budget items.

As the countries across the Sahel have not established a framework for classified information, these procedures are not implemented in the region.

*Adapted from: DCAF Backgrounder: Vetting and the Security Sector (Geneva: DCAF, 2008)*

may be questioned about their uses of public funds during their operations. If the committee is to address sensitive security-related evidence, it may choose to sit behind closed doors and to treat the content of its inquiry in the strictest confidence.

### What role does parliament play in the budget evaluation phase?

During the budget evaluation phase, parliament examines the findings of the auditor general, the court of audit, or an independent audit institution, in relation to public finances. They may determine that further parliamentary hearings are necessary. Parliament can therefore:

- propose reforms to the financial management of defence and security institutions;
- base future budget decisions on these recommendations;
- further increase government accountability, especially in the fields of security and defence; and
- recommend judicial inquiries or disciplinary measures against corrupt officials.

In the budget evaluation phase, parliament may also review and pass the regulatory law. This law confirms the final amount of revenue and expenditure for any given budget management operation, and quantifies the corresponding deficit or surplus.

This oversight mechanism is implemented subsequent to the event, so to speak, and is underused by parliaments. In Niger and elsewhere across the Sahel, the regulatory law must be introduced into the national assembly in the budget session of the year following that in which the budget is implemented. It is debated during the next parliamentary session and passed no later than 31 December of the second year following budget implementation. In practice, as more time is usually needed and members of parliament are generally disinclined to examine this law in detail and consider it once the finance law has been passed, a chance is missed to further enhance oversight.

### **What types of questions can parliamentary committees ask during the budget evaluation phase?**

In some countries, special parliamentary committees are required by law to conduct regular reviews of the administration, expenditure, and financial statements of the primary actors operating in the security and justice sectors. Across the Sahel, parliaments have the right to question ministers or heads of security institutions about their use of public funds.

**Table 4. What types of questions can parliamentary committees ask during the budget evaluation phase?**

Topic	Questions
<b>Spending</b>	<p>Are all sources of funding accounted for?</p> <p>Are procurements, payments of salaries, and disposals (sales) of equipment fully regulated under law?</p> <p>Are procurement and payment processes outsourced on the basis of published tenders?</p> <p>Are professional standard operating procedures in place for spending agencies of the defence and security sector, and for institutions entrusted with resources to be spent on security?</p> <p>Do spending agencies and institutions implement their programmes in accordance with predetermined plans and strategies?</p> <p>What safeguards are in place to guarantee compliance with these professional standards?</p> <p>Are the different types of expenditure realistically and suitably proportioned?</p> <p>Have allocated funds been used to invest in resources, equipment, or programmes?</p>
<b>Results</b>	<p>Have the goods and services purchased by spending agencies and institutions been listed?</p> <p>Has supporting documentation been issued to confirm investments and major procurements?</p> <p>What reference document has been presented for the delivered goods or services?</p> <p>Have agencies put in place procedures to evaluate the performance and effectiveness of armed forces and security services?</p> <p>Do defence and security agencies and institutions publish their results?</p>
<b>Effects and impact</b>	<p>How do the effects and impacts of security policies shaped by defence and security institutions relate to established policy statements and goals?</p> <p>Have performance indicators been developed to evaluate the effects and impacts of these security policies?</p> <p>Has the extent to which the institution's operations contributed to these effects and impacts been analysed?</p> <p>Are procedures in place to evaluate the effectiveness of the performance of armed forces and security services?</p>



## What challenges do members of parliament face in financial oversight of the security sector, and how can they be overcome?

Parliaments face numerous challenges in ensuring effective financial oversight in the security sector. They include:

### 1. Lack of political will among authorities.

Parliaments often find it difficult to exercise financial oversight particularly in countries whose histories are marked by military or one-party rule, and where democratic values and strong executive branches remain fledgling concepts. In these contexts, ruling elites are unlikely to show the necessary political will to promote increased parliamentary oversight of security sector spending. Besides these aspects, since most members of parliament are not normally able to act independently of political parties, meaningful debate is stifled as any contrary or nuanced opinion suggests divergence from the government's official line.

#### What can members of parliament do in the absence of the political will to exercise financial oversight in the security sector?

In the absence of political will, members of parliament can:

- › organise and participate in working group discussions and workshops on the matter of financial oversight in the security sector;
- › foster plenary debates on the importance of ascertaining whether the socio-economic needs of society will be affected by the projected military spending;
- › encourage government to support or facilitate the work of specialist international instruments and organisations such as Transparency International – Defence & Security, International Budget Partnership, and DCAF;
- › seek the assistance of other actors such as civil society and the media, to raise awareness of the importance of parliamentary oversight in the security sector.

### 2. Absence of a clear constitutional and legal framework.

By virtue of the constitution and financial accountability laws, members of parliament have the power to review security sector budgets and spending. However, to the extent that there is no clear constitutional and legal framework, parliament is unable to effectively scrutinise these financial aspects. In some countries, the parliament may be powerless to promote the legal reforms required to enhance the financial accountability of defence and security institutions.

#### What can members of parliament do in the absence of a clear constitutional and legal framework?

If there is no clear constitutional and legal framework, members of parliament can:

- › propose amendments to the constitution;
- › propose new laws to guarantee financial oversight in the security sector; and
- › closely monitor the implementation of these laws.

### 3. Restricted access to information.

The executive branch frequently exempts defence and security institutions from parliamentary oversight on the grounds of confidentiality. Since the funding sources and expenditure of defence and security institutions are considered to be sensitive information, they may remain off-budget and immune to parliamentary scrutiny. Parliamentary access to the financial records of defence and security institutions is restricted in these cases.

#### What can members of parliament do when information is not accessible?

Whenever members of parliament and the general public are unable to access information about the financial management of defence and security institutions, members of parliament can:

- › call for plenary parliamentary debates to discuss the use of funds in the defence and security sector;
- › present parliamentary reports on the matter;
- › conduct hearings to hold political leaders and senior security sector officials to account for the financial methods they have adopted;

- use their authority as leverage and propose to reduce or refuse annual budget allocations as a way of prompting security officials to increase transparency;
- propose laws to guarantee access to information with a view to prompting the security sector to engage in more transparent financial management practices; and
- enact laws and regulations to protect whistleblowers operating within security sector institutions and to govern the production of – and access to (clearance) – classified information vital to national security.

#### 4. Unavailability of impact and performance indicators.

In some developing countries or countries whose economy is in transition, such as the Sahel states, members of parliament might lack crucial data to assess the impact and performance of the actors operating in the security and justice sectors. Measurable outcomes of defence and security institutions might be unavailable or accessible only at some point in the future. Members of parliament therefore find it very difficult to analyse the performance of defence and security institutions given the absence of clear financial criteria and indicators relating to the delivery of public services.

#### What can members of parliament do in the absence of impact and performance indicators?

If impact and performance indicators are unavailable, members of parliament can:

- encourage authorities to adopt a medium-term and performance-based approach to budgetary programming for defence and security institutions;
- call for clearly defined expectations, inputs, outputs, and outcomes in defence and security operations; and
- spark a public debate to determine the public's security needs and priorities.

#### 5. Lack of expertise and resources among financial oversight institutions.

The work of financial audit institutions is frequently undermined by the fact that insufficient financial resources are allocated, and officials lack the required level of expertise. For instance,

parliamentary committee members may lack the skills and experience needed to conduct hearings involving officials from the defence and security sector. Furthermore, the human resources of parliament and SAs may not be trained or qualified to effectively carry out their tasks.

#### What can members of parliament do if financial audit institutions are lacking in expertise and resources?

Whenever financial audit institutions are lacking in expertise, members of parliament can:

- develop training and capacity-building initiatives intended for members of parliament and parliamentary committee members assigned specifically to financial oversight tasks;
- lobby the government to allocate additional funds for the purpose of developing the institutional capacity of financial audit institutions; and
- convince international donors to provide further support for parliamentary oversight and capacity-building programmes.

#### With whom should parliament interact in order to enhance financial oversight?

Given the complexity of financial oversight in the security sector, parliaments and their special committees may reach out to external audit and oversight actors to enhance financial oversight in the security sector. These actors include:

- SAs with which parliaments tend to formally interact; and
- CSOs, research centres, and think tanks, as they may complement, in several respects, the work that parliament does in relation to the financial oversight of the security sector.

The mechanisms by which to enhance financial oversight in the security sector, based on interaction between SAs and CSOs, on the one hand, and parliament, on the other, are examined in the following section.



# What SAIs and civil society can do to enhance financial oversight in the security sector

05

## Learning objectives of this chapter

Readers of this chapter will be able to:

- Explain what is meant by a supreme audit institution (SAI);
- Describe the role played by SAIs in the financial oversight of the security sector;
- List the various audits carried out in the defence and security sector;
- Explain the role played by civil society in the financial oversight of the security sector;
- Explain how to promote further interaction between parliaments, SAIs, and CSOs.

The role of SAIs in the financial oversight of the security sector predominantly involves:

- verifying the accuracy and reliability of the accounts presented by actors operating in the security and justice sectors, on the one hand, and by their executive and oversight agencies, on the other;
- ensuring that all financial operations in the security and defence sectors are carried out in accordance with laws and regulations currently in force;
- holding representatives of actors operating in the security and justice sectors, on the one hand, and their executive and oversight agencies, on the other, to account for their management of public funds; and
- reporting flaws and cases of corruption in the security sector to parliament and/or the judiciary.

The various SAI models and types of audits to which defence and security institutions are subjected are described below.

## What are SAIs and how do they contribute to the financial oversight of the security sector?

SAIs are established at a national level to carry out external and independent audits of public institutions.

SAIs (encompassing the auditor general or court of audit) operate independently of the executive, legislative and judicial branches, as enshrined under constitutional law.

SAI mandates are not usually limited to specific state institutions. The guiding principles of SAIs should therefore also apply to audits of actors operating in the security and justice sectors, on the one hand, and to their executive and oversight agencies, on the other.

## What are the various models under which SAIs operate?

SAIs are classified into one of three organisational and institutional models. Each model has a proven track record of enhancing the effectiveness of security sector institutions and the accountability of their accounting representatives in relation to the allocation of public funds. The three models are as follows:

### 1. Parliamentary audit model.

This model is also called the “Westminster model” since it is most frequently used in Anglo-Saxon countries. Under this model, the SAI is directly linked to the financial accountability system of parliament (often to the finance committee). In Germany, the parliamentary armed forces

committee, whose mandate is to scrutinise defence sector governance, falls into this category. Across the Sahel, the parliamentary model has not been adopted by any state, nor has any permanent body been set up by national assemblies to review the management of public finances in general, and those of the security sector in particular.

### Box 10. Effective use of funds: guiding principles of SAIs

Under the Lima Declaration of the International Organization of Supreme Audit Institutions (INTOSAI), the work of SAIs is guided by the following fundamental principles:

- ensuring proper and effective use of public funds;
- developing sound financial management mechanisms;
- properly executing administrative activities; and
- communicating information to public authorities and the general public through publication of objective reports.

*Source: Lima Declaration of Guidelines on Auditing Precepts (Vienna: INTOSAI, 1988), [https://www.intosai.org/fileadmin/downloads/documents/open\\_access/INT\\_P\\_1\\_u\\_P\\_10/issai\\_1\\_fr.pdf](https://www.intosai.org/fileadmin/downloads/documents/open_access/INT_P_1_u_P_10/issai_1_fr.pdf)*

## 2. Judicial audit model.

This model is also called the “court model” or “Napoleonic model”. It is the most commonly used model in the Latin countries of Europe and in francophone countries across Africa and Asia. Under this model, the SAI is an integral part of the judicial system, broadly speaking. The SAI is a court that operates independently of the executive and legislative branches. It is chaired by judges with the authority to conduct their own hearings and impose corrective, rather than punitive, measures. The main focus of the audit is to verify the legality of transactions that have taken place in previous financial years. It therefore determines the propriety of public accounts. The court of audit is an administrative financial court. Niger, Burkina Faso, and Mauritania have a court of audit whereas Mali’s supreme court has an accounts section.

## 3. The independent administrative authority model.

These authorities have no jurisdictional power and do not act under the authority of parliament or the government. They are authorised to investigate, propose recommendations, make decisions, regulate, and even impose penalties. In Mali, the Office of Auditor General (BVG), for instance, is an independent administrative authority with the special power to act at the instigation of other institutions or individual civilians, or even to act on a discretionary basis. The BVG is authorised to investigate, report, and inform the judicial authorities of the findings of its inspections, to the extent that they reveal breaches of criminal law and budgetary and financial legislation. It makes a significant contribution to the task of tackling corruption, including in the security sector.

### Box 11. What is the Lima Declaration of Guidelines on Auditing Precepts?

The Lima Declaration of Guidelines on Auditing Precepts was adopted by the International Organization of Supreme Audit Institutions (INTOSAI). The Declaration outlines standards and norms for the independent auditing of the government and its agencies. It establishes a comprehensive list of issues, goals, and norms regulating the audit of public institutions. The Declaration notably states that:

- SAIs’ audit powers should be embodied in the constitution and specific legislation;
- SAIs and SAI staff should be independent from influence by audited organisations;
- SAIs should have statutory relations with, and report annually to, parliament; and
- SAIs should have access to all documents and records held by public institutions.

## SAIs are able to audit defence and security institutions in several ways. What are they?

SAI audits of defence and security institutions can take one of three forms: a financial, compliance, or performance audit. The three categories are respectively described below:



### 1. Financial audit.

This audit verifies a defence and security institution's financial records, accounts, and expenditure for a financial year. It sets out to hold the audited institutions to account for their financial management. Moreover, the financial audit expresses an opinion as to whether the financial statements of the institution provide a true and fair view of the financial transactions it has performed.

### 2. Compliance audit.

This audit assesses whether the activities, financial transactions, and operating expenditure of a defence and security institution are consistent with budgetary and financial accountability laws currently in force. Compliance audits also examine whether defence and security institutions comply with resolutions and general standards and principles for sound financial management in the public sector.

### 3. Performance audit.

This audit assesses whether the resources – human, financial, or otherwise – of a defence and security institution are commensurate with the stated policy objectives of that institution. Performance audits examine the efficiency and effectiveness of the operations undertaken by these institutions. They encourage defence and security institutions to improve value for money in their financial management practices. The performance of armed forces is measured, first and foremost, by their operational readiness which is monitored by inspection services. The scope of their inspection tasks also covers financial management, leadership, enforcement of directives, the ability of the audited/inspected unit to fulfil its mission, discipline and morale, and the extent to which the needs of institution members are taken on board (formal reporting procedures).

## What are the challenges to independent audits of defence and security institutions?

SAIs involved in audits of defence and security institutions may face a number of obstacles. Common obstacles tend to include:

- **Items of the national budget exempt from scrutiny.** The executive branch may choose to exempt certain items of the national budget from scrutiny. The exemption often relates to defence and security items since they are deemed to be sensitive or classified. As such, the ability of SAIs to audit transactions involving public funds is limited. While there is a solid legal basis for SAIs to act, the executive branch and defence and security institutions can sometimes stop them from auditing their accounts.

## What does the Lima Declaration state?

“All public financial operations, regardless of whether and how they are reflected in the national budget, shall be subject to audit by Supreme Audit Institutions. Excluding parts of financial management from the national budget shall not result in these parts being exempted from audit by the Supreme Audit Institution”.

*Source: Lima Declaration, section 18, article 3.*

- **Absence of clear and applicable legislation.** Some countries are yet to pass adequate legislation to guarantee the independence and freedom of SAIs. As such, the executive, political parties, or specific ministries may interfere in the work of SAIs. Moreover, there is an abundance of national legislation that fails to stipulate whether or not independent audits may be conducted on actors operating in the security and justice sectors. In the absence of any clear provision to the contrary, they are supposed to submit to the audits of SAIs since “where the law makes no distinction, no distinction can be made”. Regardless of their specific characteristics, actors operating in the security and justice sectors remain public service providers undistinguished from any others, and must submit to external audits in the interests of guaranteeing relative transparency, rationality in fiscal choices, and operational efficiency.
- **Restricted access to information.** SAIs may be denied timely access to relevant information, particularly in relation to classified security documents. Information about the reasons for security or defence spending decisions may remain confidential and unavailable for independent audits.

Under these circumstances, it is important to enshrine in law the pretext under which the secrecy or confidentiality of this information may be invoked. The law should protect national security, guarantee good governance, and limit its scope to exceptional and particularly important information.

- **Absence of skills and expertise.** In many countries, the officials representing audit institutions lack the technical qualifications and attributes to perform their audit tasks effectively. Moreover, in the security sector, as SAIs frequently lack financial and human resources, their ability to carry out their mission is further undermined.

## How can relations between SAIs and parliament be strengthened?

The nature of the relations between an SAI and parliament is usually laid down in the country's constitution. The constitution normally requires the SAI to report its findings annually and independently to parliament and/or any other competent public bodies.

The following measures could be taken to strengthen relations between parliament and SAIs:

- make sure that SAI legislation guarantees the independence of these institutions from the government and parliament;
- develop clear procedures for the appointment of SAI chiefs, to the extent that they inspire trust and receive the broad support of parliament;
- set out clear procedures for parliaments to process audit reports. That includes appointing ad-hoc parliamentary committees (security, defence, intelligence, budget, or a combination of them all) to review the security items of the national budget;
- devise procedures to ensure that the appropriate parliamentary committee takes prompt action based on the audit reports; and
- inform SAIs of parliamentary interests and priorities, even though these institutions must remain independent and select the content to be investigated and the institutions to be audited based on identified risks.

In the interest of an informed vote, the court of audit submits opinions containing recommendations to the parliament when the regulatory law is introduced. These opinions notably relate to the implementation of the finance laws and to the annual performance reports. Parliament may ask the financial court or the supreme audit institution of public finance for assistance. The court of audit has the power to summon any member of a civil and military oversight institution or agency and is supposed to be given access to the reports of all other civil and military oversight institutions. Not even the financial court can be denied access to classified documents vital to national/external security, provided that the appropriate institution is asked to release or declassify the document in question.

Moreover, a more prominent role for civil society and a willingness to draw on the expertise of external audit institutions may make up for the failings of the financial oversight actions undertaken by the parliament.

### Box 12. How does parliament benefit from the involvement of external auditors?

By forging closer relations with the supreme audit institutions and CSOs, the parliament can promote:

- public debate in order to highlight the public's security priorities;
- an awareness campaign targeting all civilians, including the most vulnerable groups in society, with a view to increasing knowledge and understanding of the government's security policies;
- the public dissemination of important information about the way in which defence and security institutions spend public funds, by publishing audit reports produced by SAIs;
- an appraisal of the performance and impact of the actors operating in the security and justice sectors in light of state expenditure and the financial contributions of foreign donors to matters of security (value for money); and
- the swift introduction of corrective measures if the audit reports make clear that funds have been misused by security institutions.

## What is the role of CSOs in the financial oversight of the security sector?

Civil society organisations (CSOs) have emerged as important informal actors in the financial oversight of the security sector. For instance, CSOs are assigned with increasing regularity to review the executive or legislative branch's budget implementation. As the importance of their role grows, so the primary actors operating in the security and justice sectors become more accountable towards the public. CSOs can help the government and parliament to inventory public expenditure priorities in view of the most pressing development needs of society.

In order to further enhance financial oversight in the security sector, CSOs can **promote access to information**. In many developing countries or countries whose economy is in transition, CSOs and certain media outlets not only lay the

groundwork for laws on the freedom of information and administrative transparency, but also monitor their implementation. Initiatives of this kind keep the public and relevant actors apprised of the best practices being adopted in the financial oversight of the security sector. Moreover, that armed forces and security services are being drafted in to assist with this legislative process will encourage them to further embrace the principles of good financial governance within the security sector.

## Why is it important to promote further interaction between parliaments, SAIs, and CSOs?

Interaction between parliaments, SAIs, and CSOs paves the way for enhanced financial oversight in the security sector. They increase the scope and participative nature of security sector governance by:

- **Supplementing the activities of parliaments and SAIs.** By contributing to financial oversight in the security sector, civil society can plug the parliament's financial analysis skills gap. Civil society's contribution to financial oversight in the security sector may be so significant that it may end up being drafted in to cooperate at all stages of the security sector oversight process. The parliament's role may be decisive in determining the scope of civil society's contribution based on predetermined standards of professionalism and objectivity.
- **Reinforcing the system of checks and balances.** Encouraging civil society experts to examine SAI audit reports enables members of the parliamentary budget or public account committees to receive a second opinion on the state's security budget. Possible weaknesses or shortcomings can be tackled by complementary civil society input. Similarly, SAIs can use civil society advocacy groups to publish their reports in cases where they are not given sufficient consideration by parliaments.
- **Strengthening public participation in financial oversight.** Parliaments can increase public participation by involving them in the process of assessing the policies and operations of actors operating in the security and justice sectors. They can do this by drawing on the legal, financial, and human rights skills and expertise of CSOs. Consequently, parliaments can benefit from additional advice on security sector oversight issues, and build a more inclusive view of the appropriateness of financial management practices of the security sector.

## What role does the court of audit play in the oversight of defence and security institutions?

The court of audit has the jurisdictional and administrative authority to play a key role in oversight, especially as an external actor. This role requires judges with expertise in financial matters to develop a sound understanding of the state governance of the military sector and an ability to identify areas for improvement and convenient reforms. The extensive powers of investigation authorise the court judges to requisition any document or intelligence related to the financial management of services and, if necessary, to carry out on-site inspections of administrative offices or field barracks.

The need for oversight must be counterbalanced by the need to protect information produced in the course of the activities of intelligence and defence services, which is particularly sensitive. In terms of reviewing the assets of the ministry of defence, for instance, the court of audit admits that, in some European countries, certain secret assets are identified by way of special restitution procedures adapted to the requirements of national security. The idea is not therefore to avoid oversight, but to adapt the process. Moreover, the duty to oversee or effectively organise the services placed under the responsibility of a coordinator is an intrinsic obligation of the latter's function, even in so-called "sensitive" fields.

Therefore, if the director of a state department connected to the ministry of defence and security fails to scrutinise expenditure, and if there are any shortcomings in the internal oversight mechanisms of this department, a subordinate may have free rein to commit acts of misappropriation which are sanctioned under criminal law. If any shortcomings are detected, the budget and finance disciplinary court (CDBF) may determine whether the lack of supervision, the lack of oversight, and the ineffective organisation of the service, for which the director is responsible, fall foul of expenditure rules. That a judgement is delivered against a senior official within the ministry of defence or the ministry of security (which has already occurred in several countries) shows that breaches are liable to incur the personal liability of individuals and be penalised by the court.

Finally, in terms of reforming public finances within the WAEMU space and the countries of the Sahel region, the state's account certification institution is likely to drive significant reform in so far as military training programmes are now documented in formal records in accordance with accounting standards.

# Organisation of classified information vital to national security, and access to information in the interest of promoting the supervision and democratic oversight of the security sector

06

## Learning objectives of this chapter

Readers of this chapter will be able to:

- Define what is meant by classified information vital to national security;
- Itemise the legal frameworks and practices adopted by individual countries in respect of classified information vital to national security;
- Assess the extent to which financial oversight is undermined by the restricted access to information;
- Explain the importance of classified information to national security and good governance.

“Classified” or “top secret” information is categorised as such under a legislative or regulatory framework that is designed to protect certain government or military documents for reasons of national security, based on a number of clearance levels.

In the Sahel region and elsewhere, in the absence of a clearly defined legal framework and organised structure, this concept can be exploited by the executive branch and defence and security forces in a bid to avoid scrutiny.

## Are there any differences between “classified information vital to national security”, military secrets and state secrets?

Classified information vital to national security is neither limited to military secrets nor extended to state secrets.

While the term may imply that the information relates exclusively to military secrets, that is not actually the case. Classified information vital to national security protects information and documents whose access or disclosure may be detrimental to national security, in the fields of public action and particularly in matters of a political (at national and international levels), military, diplomatic, scientific, economic, and industrial nature.

By and large, military secrets relate exclusively to operations and intelligence, and partly to equipment, sensitive installations, instructions, etc.

Conversely, while state secrets usually encompass information vital to national security, their scope extends beyond information related to the strategic and vital interests of the state and includes information that could be used to discredit the state and senior public officials. In these cases, it concerns the secrets of statesmen and women.

## On what grounds is national security invoked?

As individuals, organisations and states are in competition, and since they may engage in malicious, unfair, irregular and unjust acts in this capacity, all parties set out their stall to protect any information that may give their competitors an edge. It is the first responsibility of the state to keep society safe. It is therefore legitimate to protect information in this way.

## What is the official secrets act?

Classified information vital to national security does not relate exclusively to military or police intelligence. Unrestricted by time or place, secrecy has always coexisted with power (especially of a political kind), but the unending pursuit of legitimacy means that a balance must always be maintained between secrecy and transparency.

Comparable to military secrets, several other secrets, professional or otherwise, are guaranteed and protected by civil or religious law:

- industrial or trade secrets (e.g., patents);
- medical privilege;
- banking secrecy;
- investigative secrecy;
- solicitor-client privilege;
- seal of Confession (Roman Catholics);
- privacy of citizens;
- etc.

The qualification of classified information does not permanently, exclusively, and unequivocally apply to all the activities undertaken by defence and security forces and the expenditure incurred in the security sector. Such a qualification is not designed to avoid the scrutiny and supervision of parliaments and CSOs, but does require the controls to be adapted accordingly.

## How is classified information characterised in African states?

From a security perspective, the development of post-colonial African states has been sustained by the perpetuation of the colonial order and the construction of a real or imagined enemy within. In a bid to cement their credibility, new states and their leaders have sought to underpin the sovereignty they claim through force. This has exacerbated predation at the expense of protection, and submission at the expense of popular support for security policies.

Moreover, the prominence of secrecy, mystery, and even mysticism in the widely-held beliefs of many Africans gives leaders, public officials, and military and paramilitary personnel the impression that only secrecy shrouded in stealth can guarantee their unchallenged rule and control over the population that is unaware of these secrets.

This perception of power and secrecy undoubtedly flies in the face of the notion of public service and adversely affects the performance of institutions.

Finally, that messages have been transmitted predominantly – or perhaps excessively – in the traditions and practices of power in Sub-Saharan

Africa, and notably across the Sahel, has promoted an informal kind of bureaucratic system in which information is not always or not frequently documented on a physical medium. Yet, information and the medium (document) on which it is contained are classified by the addition of a “classified” or “top secret” stamp (seal), depending on the classification levels set out by law.

## What is the legislative status of classified information across the Sahel?

No states across the Sahel region have implemented special legal frameworks for classified information. However, there is no legal vacuum. The concept is addressed in laws establishing the status of armed forces and security services, which set out the obligations to which officials are subject in respect of the accessible information.

It is also considered in public procurement codes, which exempt defence and security contracts from the general arrangements and establish special rules for procedures.

Classified information is also addressed in criminal laws which penalise disclosure, undue access, and exploitation of information that is liable to harm the state’s strategic interests and national security.

However, the legal framework remains incomplete as the levels of classification, information and documents eligible for classification, people with the authority to produce and access this kind of information, authorisation and declassification procedures, etc. are broadly unregulated, which adversely affects the ability of oversight institutions to undertake their tasks.

## What is the role of classified information in the life cycle of administrative documents?

Information may be classified at every stage of the life cycle of administrative documents: production, use, storage, and transmission. Financial oversight is exercised in the security sector at all stages of the budget cycle. Legislation will therefore have to consider setting out procedures that are compatible with the constraints linked to the classification of certain documents, on the basis of the principle of strict necessity, to guard against them being misused (over-classification).



## What balance should be struck between national security and right to information?

Oversight and transparency will fail without access to information.

The *50 Global Principles on National Security and Right to Information*, the so-called Tshwane Principles (South Africa), launched on 12 June 2013 by 22 organisations and academic centres in consultation with more than 500 experts from more than 70 countries at 14 meetings held around the world, facilitated by the *Open Society Justice Initiative*, and in consultation with four special UN rapporteurs on freedom of expression and/or media freedom, counter-terrorism and human rights, are the benchmark for transparency and integrity of procedures undertaken by security institutions.

This document is based on the following hypothesis:

*National security is often deemed to be at odds with the public's right to know. While the government's desire to keep information secret on national security grounds is often at variance with the public's right to access the information held by public authorities, a clear-eyed review of recent history suggests that legitimate national security interests are, in practice, best protected when the public is well informed about the state's activities, including those undertaken to protect national security.*

The Tshwane Principles, whose regulatory scope is merely indicative, enshrine the categories of information whose public interest is presumed or deemed to be superior and which must therefore be disclosed without exemption, especially any violations of human rights and individual freedoms, to which the acts of corruption should also be added.

## How can the legal framework for classified information promote democratic oversight of the security sector?

Democratic oversight should transcend legal requirements, so much so that it is regarded as an opportunity to foster interaction between institutions, to strengthen the relationship between the armed forces and the nation, and to build greater public trust in defence and security forces.

Information vital to national security is classified in such a way so as to structure and determine the conditions under which it is accessible to the senior officials of armed forces and security services, and the corresponding legal framework must be constructed as part of a process involving all relevant stakeholders.

The process in question must place an emphasis on the principles of good governance and the pursuit of operational effectiveness with a view to debunking the myth that the principles of good governance (notably transparency and accountability) somehow undermine the ability of armed forces and police units to operate effectively.

Conversely, the aim is to stress the degree to which trust conditions the long-term success of operations. Yet, trust is built by upholding the principles of good governance while satisfying the specific requirements of military and police operations.

An emphasis should also be placed on the adverse effects of corruption on the effectiveness of command structures, leadership, the morale of troops, and the availability and durability of equipment.

Finally, security must be viewed as a public good whose management requires not a minimum but a maximum level of transparency involving all stakeholders, with a view to enhancing effectiveness of its institutions.

Besides its effects on financial management and the space it creates for further inspections and audits, the improved framework for classified information will help to modernise the operational procedures of security institutions.

# And what comes next?

07

## Learning objectives of this chapter

Readers of this chapter will be able to:

- Recognise further ways to enhance financial oversight in the security sector;
- Describe the benefits of developing a comprehensive national legal framework for financial accountability;
- Understand ways of promoting integrity self-assessment processes in the security sector.

This chapter outlines a further four ways to enhance financial oversight in the security sector. They include:

- the development of a comprehensive legal framework for financial accountability;
- integrity self-assessment processes within defence and security institutions;
- encouraging international donors to engage in financial oversight best practices; and
- training and capacity-building initiatives for actors involved in the financial oversight of the security sector.

## What are the advantages of a comprehensive legal framework for financial accountability?

Good security sector governance requires the principles of financial accountability and integrity to be regulated under a clearly defined legal framework.

Such a framework:

- clearly defines the roles, mandates, and relations between financial audit institutions;
- determines the scope of a defence and security institution's prerogatives and powers over the management of public funds;
- establishes a financial accountability benchmark to qualify illegal financial practices;
- protects whistleblowers who have exposed acts of corruption or misappropriation of public funds; and
- builds greater public trust in – and strengthens the legitimacy and integrity of – security sector institutions.

Parliaments usually establish a legal framework for financial accountability. However, that process cannot take place without the input of government authorities since they establish detailed integrity rules and take effective action to tackle acts of misappropriation. Expert consultants and CSOs can also report acts of corruption and illegal practices, and endorse commensurate legal reforms. For instance, they could organise awareness campaigns aimed at improving the protection afforded to so-called “whistleblowers”.

### Box 13. Protecting whistleblowers who have exposed acts of corruption in the Sahel

Whistleblowers are legally protected under national legislation and international conventions ratified by states. However, in practical terms, they do not always receive protection. The very few whistleblowers that actually come forward are subjected to all manner of harassment and threatening behaviour, and their personal safety is compromised by a failure to effectively implement protective measures.

However, these individuals and organisations may exercise the following rights/take the following action, as guaranteed by the state:

- an inalienable right to the freedom of expression;
- the right to report any illegal act and wrongdoing;
- effective judicial proceeding to verify the reported information and impose suitable penalties;
- precautionary measures of the executive branch in response to the acts of wrongdoing and reform of integrity procedures.

### How can defence and security institutions promote their integrity self-assessment processes?

In many countries, the executive branch internally investigates acts of corruption perpetrated within defence and security institutions. These investigations are often conducted as part of the state's internal anti-corruption strategies. By encouraging defence and security institutions to conduct integrity self-assessments, financial oversight actors are proposing a holistic approach to the scourge of corruption. Self-assessment processes make it possible to:

- prompt all security sector actors to assess their institutional relations, especially primary actors operating in the security and justice sectors, their executive and oversight agencies, parliaments, state audit agencies, and civil society;

- outline the institutional and legal framework by which financial oversight is regulated; it includes all laws and institutions tasked with safeguarding the integrity of defence and security institutions;
- identify areas where the state needs to bring its practices into compliance with international anti-corruption treaties, such as the UN Convention against Corruption;
- determine the divisions of defence and security institutions in which acts of corruption are most likely to occur;
- monitor the application of codes of conduct to promote the integrity of defence and security personnel; and
- increase transparency in the planning, budgetary programming, and procurement processes undertaken by defence and security institutions.

### How can actors responsible for financial oversight be trained?

The effectiveness of financial oversight is often commensurate with the quality of the training and capacity-building initiatives made available to formal and informal actors. National and international organisations with expertise in this field are frequently active in developing countries and offer training courses tailored to the needs of these actors. These initiatives are prepared for the benefit of the following actors:

- **Members of parliament.** Training and capacity-building initiatives must set out to familiarise MPs with the financial oversight of the security sector and their responsibilities at every stage of the budget cycle;
- **Civil service.** Training and capacity-building initiatives seek to raise the professional standards of public officials appointed to parliamentary committees and improve the level of support they provide to MPs in the process;
- **SAI officials.** Training and capacity-building initiatives must aim to enhance the technical skills of the SAI officials assigned to review the activities of defence and security institutions;
- **Civil society and the media.** Training and capacity-building initiatives must be designed to promote the role of civil society and the media in financial oversight processes.



#### **Box 14. Tackling corruption in defence and security institutions based on the integrity self-assessment framework of Transparency International**

Transparency International has established a framework for identifying potential acts of corruption in defence and security institutions. According to this framework, corruption in defence and security can be:

- **Political.** This is when individuals or groups can influence the defence and security policy for specific personal or group interests;
- **Financial.** This is when defence and security budgets are misused or kept off-budget to serve private interests;
- **Operational.** This is when intervention or peacekeeping forces are themselves a source of corruption in the country where they operate by encouraging local bribery and opaque contracting procedures;
- **Related to procurement.** This is when the process of acquiring equipment for security and defence institutions is not duly monitored; and
- **Related to security and defence personnel.** This is when the recruitment process and payroll management favour certain individuals instead of others.

Based on this framework, Transparency International has developed a questionnaire for security and defence institutions to self-assess the potential acts of corruption they face.

It has also devised ways for security and defence institutions to use surveys and metrics to track and monitor progress in their integrity-building processes. They primarily take the form of the TI defence & security index, the 2021 edition of which reveals that 60% of states, including those in the Sahel, are likely to experience corruption in defence and security sectors.

*See: Building Integrity and Reducing Corruption in Defence: 20 Practical Reforms (London: Transparency International, 2011)*

Given the extent of the reciprocal dependence between actors in the financial oversight of the security sector, the organisations may devise an initiative capable of accommodating all these stakeholders in the same session.

#### **How is the performance of the actors responsible for financial oversight appraised?**

The effectiveness of the external financial oversight actions of parliaments and SAIs depends on the ability of internal army and security inspection services to promptly put in place measures to prevent, limit, investigate, and report confirmed or potential acts of corruption.

These institutions must undergo performance appraisals and be in possession of appropriate resources: men and women whose record and integrity are beyond reproach; spending needs covered by budgets; maximising operational efficiency; and unwavering political support of the government.

# Conclusion

08

This manual presents an overview of the establishment, functioning, and reform of the security sector's financial oversight mechanisms. It outlines how financial oversight can be enhanced particularly by involving formal and informal actors, such as parliaments, audit institutions, civil society, and the media.

Moreover, it highlights the oversight opportunities and challenges that must be respectively seized and overcome to enhance security and stability across the Sahel in view of the threats the region faces.

DCAF remains available to support national initiatives seeking to establish, reform, or support financial oversight institutions and mechanisms in keeping with democratic values and international good governance standards.





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