This paper examines some incentives and disincentives to effective oversight of government programs, from the point of view of the Executive Branch. It also examines the relationship between executive management and oversight.

Performance information is essential to oversight, but performance management systems are not easy to establish in the public service. Conflicts among objectives, inadequate or inappropriate performance indicators, weak data, and perverse measurement systems are a few of the problems that plague attempts to manage and monitor public programs. This paper suggests five key preconditions for success, over and above the basic problem of identifying appropriate measures of performance. These are:

1. Define and enforce guidelines for acceptable public behavior;
2. Distinguish roles and responsibilities clearly;
3. Install systems that produce good information;
4. Develop and apply standards for performance reporting; and
5. Use performance rewards/penalties judiciously.

These general rules can help the government review the implementation of public programs successfully. They can also help overseers like external auditors and legislators do their jobs as well. They form the basis for effective oversight as well as effective management.

Important questions are: Does oversight lead or follow good management? And if it leads, how can it help make the transition to good management? Can legislative oversight encourage the preconditions, and help shape the raw material for effective public services? Or if oversight is imposed on developing and transition countries, does it usurp the managerial function and discourage it? Does it intimidate managers, who fear that all their decisions will be second-guessed? This points to some cautions for overseers to avoid so that their work has a positive impact on the public service, and is not imposed prematurely or inappropriately:

* The danger of externalizing responsibility and direction - disorientation - weakening the moral base of public service;
* The danger that multi-levels of review encourages managerial buck passing - Why should I look carefully at something if others above me are going to?
* The danger that senior officials and legislators get bogged down in details (for example in approving minute expenditures, and in following up) and they lose their strategic perspective;
* Encouraging grandstanding - where those with information or stage presence look good, while solid but stolid performers don’t;
* Encouraging a ritual dance, where the executive goes through the motions of admitting guilt but nothing changes.

Obviously some management at the legislative level is better than none at all at any level, but effective oversight has to nurture the management process by letting go some matters, to be handled by internal auditors and internal management.