

# Citizen Engagement Practices by Supreme Audit Institutions

Compendium of Innovative Practices of Citizen Engagement by Supreme Audit Institutions for Public Accountability



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# DESA

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# Foreword

The international community has recognized good governance, including accountability and citizen engagement, as a means to the achievement of the Millennium Development Goals (MDGs). The international community is increasingly prioritizing good governance as an end in itself for the United Nations development agenda beyond 2015. Sustainable development depends on the effectiveness of public policies and services, underpinned by efficiency and equity in resource generation, allocation and management. It also depends on the effectiveness of oversight institutions that promote transparency and accountability and the strength of public scrutiny to prevent mismanagement and corruption and optimize government performance. In its 2012 session, the United Nations Committee of Experts on Public Administration (CEPA) concluded that there is a higher public demand for accountability, and that there is an important role for citizens in closing accountability gaps (E/2012/44–E/C.16/2012/6).

Citizen engagement can strengthen independent oversight institutions to hold public officials accountable for the use of scarce public resources and for performance on stated objectives. Elected and appointed public officials who make decisions and implement them are often subjected to pressures that might conflict with the goal of serving the public interest. Moreover, accountability is further complicated by public-private partnerships and other permutations of non-state stakeholders who are increasingly involved in decision-making on public policies and co-producing public services.

Supreme Audit Institutions (SAIs), as examples of independent oversight institutions, are a critical part of the national accountability architecture. Given their mandates to “watch” over government accounts, operations and performance, SAIs are natural partners of citizens in exercising public scrutiny. However, given the increasingly complex landscape of desired outcomes and actors involved in public policy decision-making and public service delivery, should the role of SAIs themselves evolve in promoting greater transparency, accountability and, ultimately, building

public trust? How can they better engage with citizens to ensure more economic, efficient and effective use of public resources that improve public administration and foster good governance?

This *Compendium of Innovative Practices of Citizen Engagement by Supreme Audit Institutions for Public Accountability* provides an overview of successful examples and innovations in the engagement of citizens by SAIs. It is indebted to the deliberations on *Effective practices of cooperation between Supreme Audit Institutions and citizens to enhance public accountability* of the 21st United Nations/International Organisation of Supreme Audit Institutions (UN/INTOSAI) Symposium, held in 2011. The *Compendium* is based on an analysis of the responses of INTOSAI members to the questionnaire which formed the technical basis for the 21st Symposium. To protect the confidentiality of the responses and respect the independence of respondent SAIs, the publication aggregates trends and highlights practices without attribution. What emerges are inspirational ways that SAIs around the world have successfully collaborated with citizens and civil society groups to improve public accountability.

This publication is part of a more than forty-year history of collaboration between the United Nations Programme on Public Administration and Finance and INTOSAI to support capacity-development in public auditing through promoting professionalization and standard-setting, particularly in developing countries. It is also a timely response to the 2011 United Nations General Assembly resolution (A/RES/66/209) that encourages Member States and relevant United Nations’ institutions to intensify their cooperation with INTOSAI.

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# Acronyms

<b>CBU</b>	South African Children's Budget Unit	<b>IPU</b>	Inter-Parliamentary Union
<b>CEPA</b>	United Nations Committee of Experts on Public Administration	<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>CIFPA</b>	Chartered Institute of Public Finance and Accountancy	<b>MDGs</b>	Millennium Development Goals
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy	<b>MKSS</b>	Mazdoor Kisan Shakti Sangathan (India)
<b>CSO</b>	Civil Society Organisation	<b>NCA</b>	The Netherlands Court of Audit
<b>DCSD</b>	Department of Control and Follow up of Citizen Complaints (Honduras)	<b>NGOs</b>	Non-Governmental Organizations
<b>DESA</b>	United Nations Department of Economic and Social Affairs	<b>OAG</b>	Office of the Auditor General of Canada
<b>DISHA</b>	Developing Initiatives for Social and Human Interaction (India)	<b>ODA</b>	Official Development Assistance
<b>DPADM</b>	Division for Public Administration and Development Management	<b>PSAM</b>	Public Service Accountability Monitor
<b>GAO</b>	General Accountability Office (USA)	<b>RTI</b>	Right to Information
<b>GIZ</b>	German Society for International Cooperation	<b>SAI</b>	Supreme Audit Institution
<b>IBASE</b>	Brazilian Institute for Social and Economic Analysis	<b>SFAAI</b>	State Financial and Administrative Audit Institution
<b>IBP</b>	International Budget Partnership	<b>SDGs</b>	Sustainable Development Goals
<b>ICTs</b>	Information and Communication Technologies	<b>TSP</b>	Tribal Sub-Plan (India)
<b>IDASA</b>	Institute for Democracy in South Africa	<b>UDN</b>	Uganda Debt Network
<b>IFAC</b>	International Federation of Accountants	<b>UN</b>	United Nations
<b>INCOSAI</b>	International Congress of Supreme Audit Institutions	<b>UNCAC</b>	United Nations Convention against Corruption
<b>INTOSAI</b>	International Organisation of Supreme Audit Institutions	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>IPF</b>	Institute for Public Finance (Croatia)	<b>UNODC</b>	United Nations Office of Drugs and Crime



# PREFACE



*UN Photo/MB*

**T**he long march to participatory governance and parliamentary or presidential forms of government based on the principle of adult franchise universally established the inalienable rights enshrined in the Universal Declaration of Human Rights (1948).

Within this framework, national governments are periodically formed to translate the people's will into activities, services, projects and programs, financed by taxes and borrowing by governments. Supreme Audit Institutions (SAIs) oversee the accounting, compliance and performance of the voted budget implementation. Annually, they report to their stakeholders—primarily Parliament and national assembly and directly, to the citizens.

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*“Efforts are currently being made to forge a comprehensive framework to harness the renewed energies created by communication between SAIs and citizens”*

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SAIs of 191 countries are members of the International Organisation of Supreme Audit Institutions (INTOSAI). For more than 60 years, it has provided an institutionalised framework for supreme audit institutions to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries.

The Lima (1977) and Mexico Declarations (2007) of INTOSAI called for legislative frameworks for independent government auditing. To perform their task well, SAIs need to be independent from the agencies they audit. It is also crucial that their audit methods are based on current scientific and technical knowledge and that their auditors have the necessary professional qualifications and moral integrity.

On 22 December 2011, the 66th United Nations General Assembly adopted the resolution “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions.”

The General Assembly recognized that SAIs can accomplish their tasks objectively and effectively only if they are independent from the audited entity, and are protected from outside influence. In addition, the General Assembly acknowledged the important role of SAIs in promoting efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities. The United Nations General Assembly also took note with appreciation of the work of International Organization of Supreme Audit Institutions (INTOSAI), and encouraged Member States to apply the principles set out in its Lima and Mexico declarations. The General Assembly resolutions also encouraged Member States and relevant United Nations’ institutions to intensify their cooperation with INTOSAI.

**The Mexico Declaration (2007) on the independence of the Supreme Audit Institutions consists of eight core principles:**

- The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework;
- The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties;
- A sufficiently broad mandate and full discretion in the discharge of SAI functions;
- Unrestricted access to information;
- The right and obligation to report on their work;
- The freedom to decide the content and timing of audit reports and to publish and disseminate them;

- The existence of effective follow-up mechanisms on SAI recommendations;
- Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources.

While the endorsement of the Mexico principles by the United Nations General Assembly has no immediate consequence, it certainly provides a useful support to SAIs still struggling to strengthen their institutional position in many countries.

Continuing its efforts towards enhancing the accountability of governments to citizens, INTOSAI has been organising symposiums in collaboration with United Nations agencies. The 21st UN/INTOSAI Symposium on ‘Effective practices of cooperation between Supreme Audit Institutions and citizens to enhance public accountability’, jointly organized by the INTOSAI General Secretariat and the United Nations Department of Economic and Social Affairs (DESA), was held in Vienna, Austria, from 13 to 15 July 2011.

The 21st Symposium reiterated the importance of the Declarations of Lima and Mexico and underlined the necessary cooperation between SAIs and citizens. Its conclusions and recommendations successfully contributed to the implementation of the following five out of six Strategic Priorities, as defined by the INTOSAI Strategic Plan 2011–2016:

- Help ensure independence of SAIs
- Strengthen capacity building of SAIs
- Demonstrate the value and benefit of SAIs
- Further the global fight against corruption and support sustainable development
- Enhance INTOSAI communication.

As citizens become increasingly aware and involved in fighting corruption in their respective countries and the development community prepares to launch its post-Millennium Development Goals (MDGs) global initiatives for sustainable development from 2015, the partnership of United Nations and INTOSAI is likely to play an increasingly significant role in shaping global destinies.

This Compendium, which draws from the deliberations of the 21st Symposium, aims at informing citizens, parliamentarians, auditors, government officials and students about the possibilities for cooperation among them.

The analysis of the status of SAI-citizen interactions and the examples of innovative practices in some countries are presented in this compendium under the following broad divisions:

- Communication between SAIs and citizens;
- Citizen participation in government auditing;
- SAIs, parliaments and citizens.

Even as citizens in many countries demand good governance and campaign against corruption, parliaments are slowly but surely enacting laws to promote transparency and accountability. An active engagement of SAIs with citizens and civil society institutions is necessary to ensure that the new laws do not become an instrument of populist demagoguery. This is of even greater importance in the global efforts to combat corruption, accelerate action to achieve the Millennium Development Goals and, pursue a sustainable development agenda beyond 2015.

Both in the elaboration of the United Nations Development Agenda beyond 2015 and its implementation, the active involvement of INTOSAI, without compromising the independent status of SAIs within their countries, is essential. In this compendium, we also briefly mention the efforts currently being made by expert committees, under the umbrella of United Nations and INTOSAI, to forge a comprehensive framework to harness the renewed energies created by communication between SAIs and citizens in several countries. SAIs stand poised at turning points in their respective countries for greater responsibility of governments to be established. Their ability to report impartially and objectively on the issues that immediately concern citizens—like corruption and sustainable development—will matter far more than ever before.

# Chapter 1

## The Modern State and the Origins of SAIs



UN Photo

Seen through the lens of the development of the modern state, SAIs are organs of sovereign governments that traditionally relate to citizens *through* parliaments and national assemblies. Therefore, it is important to appreciate the precise changes in how SAIs are beginning to contribute in the project of deepening democracy by reaching out to citizens. The overarching idea, in all the endeavours featured in this compendium, is to inform and involve citizens in securing the effectiveness of parliaments and national assemblies in holding governments to account.



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*“A legitimate social order emerges only when the liberties and duties are equal among citizens”*

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Historically, in dealing with national budgets, SAIs have tended to restrict their concerns exclusively to reporting matters to parliaments, assemblies and other organs of government. Apart from publishing audit reports, which were always available to citizens as public documents, they pursued a limited scope of activity and communication with citizens.

However, over the past three decades, this strait-jacketed orientation has slowly given way to acknowledging the importance of ensuring citizens’ rights and strengthening the rule of law, requiring SAIs to communicate more with citizens. A brief reference to political history and thought governing parliaments or national assembly is necessary to help an understanding of why SAIs need to communicate with both parliaments, assemblies and citizens.

In essence, the word parliament means discussion. The genesis of parliament as an institution was mainly driven by the monarch's need from time to time, to raise money through taxes for fighting wars. Starting as councils of noblemen that would discuss finances with the king, parliaments in different countries have had chequered careers in how well they have represented the people’s interests and legitimised taxation.

It is important to remember, however, that parliamentary supremacy over a monarch did not necessarily amount to popular sovereignty or—to use a more current term—democracy. The idea of popular sovereignty was ushered in by the Enlightenment in Europe. Revolutions in science, philosophy, society and politics from the mid-17th century, culminated in the French Revolution (1789–99). Popular sovereignty relied on the individual’s will to determine what to believe and how to act. As the Enlightenment philosopher Immanuel Kant put it: “The motto of Enlightenment is therefore, ‘Dare to Know!’ Have courage to use your own understanding.”

Democracy had its roots in the principle of equal dignity of all human beings and in a voluntary social contract where people renounced some of their own natural freedoms in return for protection from the natural freedom of others. In France, Jean Jacques Rousseau (1712–1778) argued that nature had endowed people with a robust common sense, defined as a *general will*, to serve as the basis of popular government. The American revolutionaries (1775–1783) generally agreed and were committed to the principle that governments were legitimate only if they rested on popular sovereignty—that is, the sovereignty of the people.

The Declaration of the Rights of Man and of the Citizen of 1789, adopted initially during the early stages of the French Revolution, echoed these thoughts and heralded democracy. Midway through the storm of the revolution, democracy was defined not as a form of government but as the status of society in which the people, guided by their laws, executed for themselves what they could do well, and delegated what they could not. In France, a voluntary social contract was accepted, after dramatic twists and turns in its national history, as the legitimate basis for law and government authority.

Establishing the legitimacy of the rule of law on the basis of citizens' consent, had different variants. In England, in the context of a long-lasting civil war between religious denominations, Thomas Hobbes (1588–1679) argued that men and women were naturally prone to violence and therefore, must submit themselves to the authority of a sovereign such as Parliament. Although the Bill of Rights of 1689 established the supremacy of Parliament over the King, it did not establish democracy in its entirety.

John Locke (1632–1704), essayed that people have rights, such as the right to life, liberty, and property, which are independent from the laws of any particular society. Since governments exist by the people's consent to protect their rights and promote public good, governments that fail to do so can be resisted and replaced with new governments formed by a majority view or vote. Though the supremacy of an elected parliament over the king had been established long ago in the United Kingdom, the country had to wait until 1933, when the House of Commons acquired ascendancy over the House of Lords, for democracy to be fully established.

Arriving on the stage a little after the Enlightenment philosophers, Alexis de Tocqueville (1805–1859), observed that: “The people reign in the American political world like God over the universe.” He argued that once a government is formed on the basis of a majority, safeguards like the judicial apparatus, the spirit of forming social associations and of local self-government preserved America from the possibility of a tyranny of a majority. Parliaments or national assemblies must strive to work on the basis of *public reasoning*, not to degenerate into a tyranny.

Whatever the variants, all the social contract thinkers believed that a legitimate social order emerges only when the liberties and duties are equal among citizens. This links the social contract thinkers to the concept of popular sovereignty. Popular sovereignty is a basic belief in most democracies, whether they are republics or popular monarchies. Even in democracies espousing a State religion, where the modalities for discussion with religious leaders and the people, forged in the course of their own histories, may be different, popular sovereignty now exists, with many manifestations.

The Universal Declaration of Human Rights, adopted by the United Nations General Assembly in 1948 was the first global assertion of the dignity and rights of every human being. It influenced the framing of many constitutions that were adopted after World War II, with the end of colonialism. In every Member State of the United Nations, all organs of the State are duty bound to protect these rights.

In a democracy, the people of a nation entrust the management of the nation's resources to their elected representatives. The parliaments or national assemblies provide for various institutional mechanisms to take minority points of view into account and hear the views of experts, citizens and civil society organisations in the process of legislation. These representatives, in turn, entrust the management function of the executive arm of the government. One of the tasks, in the road to the development to democracy and rule of law is to enhance good governance and reinforce the government's executive ability and public trust.

Annually, a parliament or a national assembly approves a budget for the executive to raise taxes and defray expenses for the administration of the state business. The executive is also vested with powers of borrowing, within limits set by parliament. At the end of the fiscal year, the executive is required to render an account of its stewardship to parliament or to the national assembly. Since parliament or the national assembly authorises the budget, and cannot devote sufficient time and expertise to verify the accounts submitted by the executive, the SAI is mandated by the constitution of the country to audit these accounts and report its independent findings to the above state organs and citizens at large.

The constitution of 191 countries lay down the relationship between the SAI and Parliament or National Assembly in each of the countries. The independence of SAIs provided under the constitution and law also guarantees a very high degree of initiative and autonomy, even when they act as an agent of parliament and perform audits on its instructions. The report of the SAI on the reasonableness and fairness of the accounts assures the nation that the resources approved by their representatives have been utilised for the purposes intended.

The SAIs also undertake performance audits to inform the stakeholders—government, parliament and the citizens—about the economy, efficiency and effectiveness with which projects have been executed. Such audit affords government the opportunity to improve on its performance.

Since the government exercises the power of managing the economy and the society on behalf of the people, it must respect, abide by, safeguard laws, and stick to the principle of administration according to the law. As an important part of the administrative oversight systems, SAIs play an important role in pushing forward law-based administration and building governments ruled by law. The principles of good governance—transparency and accountability, fairness and equity, efficiency and effectiveness, respect for the rule of law and high standards of ethical behaviour—are the basis upon which to build open government.



# Chapter 2

## 21st UN/INTOSAI Symposium



21st UN / INTOSAI SYMPOSIUM, 13 TO 15 JULY 2011, VIENNA

*UN Photo*

Citizen engagement in public policies and programs has increased exponentially in the last three decades. Social movements and higher access to information, stimulated by the constantly evolving information and communication technologies (ICTs), have raised people's awareness and expectations of the extent and quality of public services. It has also shaped public perceptions of governments' accountability to their constituencies. Modern Information And Communication Technologies (ICTs) have brought vulnerable populations to the spotlight of policy-making. Including the voices of the marginalised population in policy formulation, its implementation and evaluation has been a major aspect of the increased focus on citizen engagement.

People want to participate in shaping the circumstances of their lives rather than feeling captive to them. The United Nations Department for Public Administration and Development Management (DPADM) adopted a model to categorize citizen engagement in three layers: (i) governments providing and giving access to information to the citizens, (ii) governments initiating consultation with the citizens in order to solicit their feedback on issues that might concern them, and (iii) governments engaging citizens in decision-making, more integrally, interactively and jointly with itself and other relevant actors. The first two are the stepping stones, while the third can be seen as actual citizen engagement in managing development.

This model was used by a symposium organised jointly by the United Nations Division for Public Administration and Development Management (DPADM) of the Department of Economic and Social Affairs (UNDESA) and the International Organisation of Supreme Audit Institutions (INTOSAI) in July 2011 on “Effective Practices of Cooperation between SAIs and Citizens to Enhance Public Accountability”.

Speakers were delegated by INTOSAI, UNDESA, the United Nations Committee of Experts on Public Administration (CEPA), the United Nations Office of Drugs and Crime (UNODC), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the International Budget Partnership (IBP) and the Inter Parliamentary Union (IPU) as well as by the SAIs of Brazil, China, Colombia, Costa Rica, Denmark, Ecuador, Guatemala, India, Republic of Korea, Indonesia, Mexico, Morocco, the Netherlands, Paraguay, Poland, the Russian Federation, South Africa, the United States of America, and Venezuela. The Chair of INTOSAI and Auditor General of South Africa, Terence Nombembe, acted as technical chair.

In preparation for the Symposium, a questionnaire was circulated to 191 SAIs, which are members of INTOSAI. The technical programme of the Symposium, attended by 66 supreme audit institutions (SAIs) along with high ranking UN officials, was based on responses to this questionnaire.

In this chapter, we briefly mention the salient concerns and consensus expressed at the Symposium. In the following chapters, we analyse the various responses to the questionnaire and present some of the illustrative examples from among the practices of SAIs and of citizens.

The Symposium began with a recognition of the fact that due to their responsibilities for independence, professionalism and reliability, SAIs are uniquely positioned to serve the public by promoting effective public governance, increasing the efficiency of public administration, improving development outcomes, fighting corruption and promoting trust in government.

At the outset of the Symposium, the Secretary-General of INTOSAI stated that SAIs must *heed citizens' concerns* in their work and communicate to them accordingly. Moreover, audits and audit findings must be communicated to the public so that, ultimately, the citizens are empowered to demand the implementation of audit findings. In order



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*Secretary General of INTOSAI*

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to do so, citizens must actively participate in the political debate and contribute to the implementation of audit findings.

The United Nations Under-Secretary-General for Economic and Social Affairs explained that the United Nations is ready to broaden and deepen its collaboration with INTOSAI and its members, especially in the area of *corruption* and needed INTOSAI's expertise in audit and knowledge of accountability.

He argued that, since good governance is also essential for *sustainable development*, there is much that INTOSAI and its members could do to support this. In the Rio+20 conference's outcome document, the Member States recognized the need for significant mobilization of resources from a variety of sources and for an effective use of financing, in order to promote sustainable development. Not only aid, but its effectiveness, needs to be increased. Given the continuing impact of the global financial and economic crisis, the Official Development Assistance (ODA) is increasingly being overtaken by other sources, streams and mechanisms of financing to meet the MDG's and other development needs, forecasted beyond 2015.

A representative of the United Nations Committee of Experts on Public Administration (CEPA) pointed out that adapting the traditional hierarchical accountability model or framework to environments, where *boundaries between public and private sectors are blurring* and where many players are involved in delivering services to meet citizens' needs, is important. In the context of involving citizens to ensure governments are held to account in delivering services, there is a need for governments to be responsive to the citizens' demands for faster action on the ground. The important challenge is to reshape governance processes so that the inevitable tensions could be minimized and managed.

In the domain of accountability, it is important to recognize different types of accountability structures. *Democratic accountability* refers to the situation when elected politicians are accountable to citizens through elections and other means. In turn, officials implementing the government's agenda are held to account by government representatives in a system of *hierarchical accountability*. *A system of vertical accountability* operates when it is both upwards to superiors and downwards to subordinate officials. Accountability, here, is internal to government and is described as the traditional model of accountability.

A third kind of accountability structure has increasingly arisen in the domain of service delivery arrangements: horizontal accountability. This structure becomes necessary when 'third parties' (private sector and, or, not-for-profit organizations) collaborate or partner with government, in some way to deliver services to citizens. This third form of accountability sometimes involves a formal contractual relationship where the 'principal' and the 'agent' are clearly identifiable. At other times, it involves a collaborative or even a network relationship, where the 'principal' and the 'agent' may not be clearly defined. In this latter case, although 'mutual accountability' is established between the provider and government, it is not always clear who is ultimately responsible to citizens.



**Mr. Sha Zukang,**  
*United Nations Under-Secretary-General for Economic and Social Affairs*

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*“Accountability can be defined as a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used”*

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Layers of complexity in accountability arrangements occur when there is more than one agency and, or, more than one government (e.g. in a federal system) agreeing to share responsibility for outcomes depending on third parties’ service delivery to citizens. The increasingly common situation where third parties deliver services to citizens without direct government provision raises difficult issues of whether or not these third parties *share* accountability with government for service delivery and if so how that operates.

The Office of the Auditor General of Canada (OAG) developed a definition of accountability that retains the essential features of traditional or hierarchical accountability and responds to the current pressures such as more parties are involved in delivering services funded by government: “Accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used”.

This definition encompasses different types of accountability relationships: between ministers and agency heads; between departments or agencies of government; between public servants in a hierarchical relationship; between partners in delivery; and between the government and Parliament. The definition claims to enhance the traditional concept of accountability; it “allows for a shared accountability relationship among partners; encompasses reciprocal accountability of all parties in a delivery relationship; includes both ends and means; and the need for review and adjustment”.

In recent years, a fourth type of accountability structure has emerged. ‘*Social*’ accountability is a term increasingly used to describe situations where citizens, through various formal and informal mechanisms, hold government to account. It is defined as: “an approach towards building accountability that relies on civic engagement, i.e. in which it is ordinary citizens and, or, civil society organizations who participate directly in exacting accountability”. It is also sometimes referred to as ‘*diagonal accountability*’, since it involves citizens as actors in ‘vertical’ accountability in some of the ‘horizontal’ accountability mechanisms. This raises the issue of the extent of government responsiveness to citizens, which is usually distinguished from but closely related to government accountability.

Accountability is not only related to the concept of responsiveness under a citizen centric approach but also to transparency. SAI Canada believes that there are three reasons why there need to be greater transparency when collaborative, rather than traditional, arrangements are in place for service delivery by government agencies: (i) several organizations involved in delivery makes it difficult for citizens to know who is responsible for what; (ii) access to redress mechanisms may not be as evident e.g. not the same recourse as to a minister or an elected official; and (iii) legislation applying to government agencies concerning provision of information may not extend to partnering organizations.

The participants agreed that the inclusion of citizens in the audit process must be based on relevant legal stipulations, requires pertinent audit standards and the issuance of clear practice guidelines. It also requires multi-type, but relatively fixed, channels for effective communication in order to disseminate the audit-specific knowledge among

citizens and ensure its proper understanding and use. Moreover, it necessitates growing awareness among auditors, to make them understand the benefits of citizen engagement in the audit process and the importance of improving their skills and competences when relating to citizens.

Citizens often identify improper activities or weaknesses in programs that warrant scrutiny. They can alert the SAI early enough to take action if SAIs manage to provide suitable mechanisms to receive citizen complaints. It is a known fact that several SAIs, including the SAI of Mexico, have created mechanisms (e.g. hotlines, mailboxes) to collect anonymous information from the public regarding alleged irregularities in order to take these inputs into account in their annual audit planning programmes.

For example, the United States of America Government Accountability Office (GAO) runs a FraudNet programme, which is a vital part of the Forensic Audits and Investigative Service Team at GAO. It enables citizens to report allegations of fraud, waste, abuse, or mismanagement of federal funds anonymously through a variety of mechanisms, including mail, e-mail, a Web page, toll-free phone number, and fax. Here as well, an active information policy is needed to explain the purpose and use of FraudNet to citizens

The SAI could also gather information through specialised forums, advisory boards, and panels, as well as by periodic scans of international and national issues that affect the political and social environment in which it works. The various lessons learned across the national and international audit community should be taken up and considered in the SAI's strategic and annual work planning.

Another very concrete method that SAIs can employ, to obtain direct citizen involvement in their audit work, concerns the use of citizen focus groups and surveys.

In communicating with citizens, an effective media policy is paramount in getting the SAI's messages across the public. While they can and should not interfere with the freedom of reporting, SAIs could indeed help reporters by providing the technical skills required to understand the SAI's auditing practices, the real scope of decisions as well as the legal mandate and constraints of the auditing practice.

Social audit, as a practice, had been welcomed by citizens (especially the poor) as the appropriate means of securing accountability of both officials and politicians for two main reasons. Firstly, it demonstrated its ability to gather people from all walks of life, through media platforms and local assemblies. Secondly, it showed its ability to engage them to collectively uncover irregularities and corruption in high-tech privatisation projects or on simple social services delivery.

A higher level of quality assurance will be obtained, by providing parties with a solid knowledge on the subject. Focus groups provide a good opportunity of drawing on expert knowledge in the audit process.



By accessing certain types of information that social organizations are better positioned to obtain, the participation of Civil Society Organisations (CSOs) could improve the oversight capacities of SAIs. Moreover, the greater social knowledge and legitimacy of SAIs could translate in enhanced public support for their mission.

The Secretary-General of the Inter-Parliamentary Union (IPU) advocated a close working relationship between supreme audit institutions and Parliaments, saying that the resulting greater transparency and accountability should have a positive influence on public trust in government and strengthen democracy.

There was general agreement that parliaments and SAIs needed to develop close, ongoing relationships and that INTOSAI and the IPU had a major role to play in that process. It was re-emphasized, however, that SAIs and parliaments were not the only stakeholders. Involving the media and civil society at large was also essential. Civil society could provide parliament—as well as SAIs—with the information and expertise they needed to ensure effective monitoring of budgetary performance by the government.

**The symposium concluded by adopting a set of recommendations:**

- Apply the INTOSAI Framework on Communicating and Promoting the Value and Benefits of Supreme Audit Institutions to enhance the credibility of SAIs and improve the lives of citizens;
- Increase public knowledge of the work and role of SAIs and their added value through on-going media coverage, public campaigns, use of social media, and other awareness-raising activities in the local languages, as appropriate;
- Develop and implement public relations and communication strategies for active, accurate, and transparent communication with the media;
- Support budget transparency systems and actions that will inform citizens about the entire budget process, including amendments to and the execution of the budget;
- Promote citizen participation by developing mechanisms to receive and monitor complaints for noncompliance and misuse, as well as suggestions for improved public administration;
- Commit to contributing to the Rio+20 Summit on Sustainable Development in June 2012, at the United Nation's invitation, through appropriate INTOSAI mechanisms;
- Establish a joint agenda with UNDESA to build capacities in all countries, including partnership between developed and developing countries aiming to improve audit process, transparency, and the eradication of corruption;

- Contribute specifically to the prevention of corruption in accordance with the United Nations Convention against Corruption;
- Encourage sharing of information and experiences among SAIs to promote efficient and effective interactions with citizens;
- Develop INTOSAI guidance on cooperation with citizens through the INTOSAI Working Group on the subject





# Chapter 3

## The INTOSAI Survey



*UN Photo/Staton Winter*

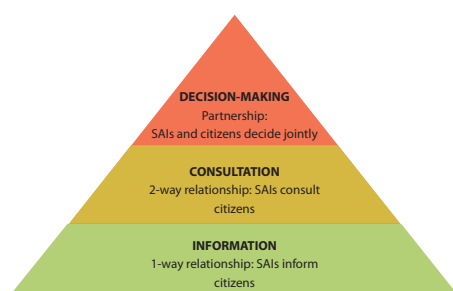
**T**his Chapter presents a consolidated analysis of the responses of INTOSAI members to the questionnaire, which formed the technical basis for the 21st Symposium. The questionnaire—the principal aim of which was to identify successful, innovative practices of public engagement with Supreme Audit Institutions—was circulated to the 191 SAIs which are members of INTOSAI, from which 94 responded. The high response rate to the survey highlights the interest of SAIs around the globe on the issue of collaboration with citizens and civil society groups to improve public accountability. To protect the confidentiality of the responses and respect the independence of respondent SAIs, this Chapter presents aggregate trends and highlights practices without attribution.

The survey showed that almost all SAIs use their websites to communicate their audit results and audit-related information to the public. A large number of SAIs publish booklets, books and videos about their activities. These seek to raise awareness among citizens about the work of SAIs. Some SAIs even provide learning materials and presentations on their tasks and activities to schools and universities. Social networks like Facebook, Twitter or YouTube are used by some SAIs to present their work, values and benefits to the citizens.

There are variations in how SAIs pursue their media policy. Some of them have a more active policy by working closely with the media, in order to inform the citizens about their audit findings and recommendations.

As the ultimate beneficiaries of a better use of public funds, citizens are the most important stakeholders of SAIs. Nevertheless, they are, very often, the least aware of government auditing and accountability benefits. Earlier surveys have shown that a considerable part of the population, from any country in the world, understands little of the work of SAIs.

It is therefore necessary for SAIs to design appropriate means in order to raise citizens' awareness about the importance of government auditing. Audit findings must be communicated to the citizens in order to empower them to demand action regarding audit conclusions and recommendations. According to the survey, there are three types of interaction between SAIs and citizens: (A) a one way SAI-citizen relationship where SAIs inform the citizens; (B) a two-way relationship where SAIs consult citizens; and (C) a partnership for decision-making between SAIs and citizens.



**Figure 3.1: Stages of Citizen Engagement with SAIs**

Not surprisingly, the results of the survey show that most of the countries inform and consult citizens, but keep them away from decision-making processes. Only a few countries fall into the 'C' category (mentioned above).

A typical type 'A' SAI responds to inquiries, received through its website or postal mail, and gives public speeches to educate citizens. It communicates to citizens by helping its Parliament to hold government to account for its resource management, and by making recommendations for improving government functioning. It distributes audit reports through its website, media, conferences, and on individual request. It also provides easy-to-read, well edited, organized and formatted reports. However, only experts are actually associated in some processes like planning audits. Finally, type 'A' SAIs fear that its independence will be compromised by engaging with citizens, soliciting their complaints, or allowing them to participate in audit processes.

In addition to informing the public, SAIs that may be categorised as type 'B' also encourage citizens to contact them and carefully discern the information communicated by the media from matters debated in parliament. They regularly conduct public opinion surveys. They also rely on focus group activities in order to gain a community perspective for example, for performance audit purposes. Some SAIs also closely consider suggestions from members of parliament of different parties, factions, trade unions, employers' or-

ganizations and other non-profit organizations. A few of them go a step further, by paying attention to public statements and citizens' comments on social networks. Additionally, the process and scope of conducting value for money (VFM) audits may sometimes involve asking information from the media about citizens' current concerns, in order to determine topical issues. Finally, there is another variant of type 'B', in which the SAI consults a significant number of advisory groups and professional organisations, made up of citizens, from a broad range of disciplines.

SAIs of type 'C' are much fewer in number. They use every media channel, make disclosures under their right to information legislation and link-up with social accountability mechanisms. Surprisingly, most of them are SAIs of developing countries where governments themselves are worried about the level of corruption in the political environment.

Although it is encouraging to see that a large number of SAIs, from types 'B' and 'C', do actually take into account citizens' concerns, it is also evident that an adequate platform for citizens' commitment should be created in order to ensure their active role and the defense of their interests.

An effective media policy is paramount in getting SAI's messages across citizens. While they can and should not interfere with the freedom of reporting, SAIs could, however, help reporters by providing them with the technical skills required to understand their auditing practices, the real scope of decisions, as well as the legal mandate and constraints of the auditing practice.

Better-informed analysts and think-tanks can obtain more evenly balanced and objective views of the facts and, therefore, produce more valuable information for the public. In addition to interviews with print, radio, online, and television media, SAIs can also raise the profile of their missions and work through on-going outreach to the public, e.g. by talking about issues in their areas of expertise at public forums, conferences or universities.

Proper dissemination of information requires a diversification of communication media. Accordingly, SAIs should resort to using the modern information and communication technologies (ICTs) in order to make information about their activities and operations more accessible to the public on a wider scale.

Additionally, since communication with citizens is a two-way process, SAIs should create effective channels of communication with citizens to receive their complaints. Besides, they should select agencies and programmes to be audited and open up the audits to suggestions, proposals and comments. Reacting to citizens' complaints, in the framework of the respective audit process, may give the SAI an indication of suspected fraud and high-risk areas, but also make its audits more responsive and effective.

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*“As the ultimate beneficiaries of a better use of public funds, citizens are the most important stakeholders of supreme audit institutions”*

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# Chapter 4

## Communication between SAIs and Citizens



*Photo/Tim McKulk*

**I**n this chapter, we highlight some effective practices of cooperation between SAIs and citizens that enhance public accountability.

The responses to the survey conducted by INTOSAI clearly illustrate how levels of communication between SAIs and citizens vary across countries. At the extremes, the low number of SAIs that interact the most is almost the same as the number of SAIs which do not engage with citizens at all. In the middle range, among the ones that qualify as interacting intensively, a large number are countries from the developing world. Among those that engage with citizens in a more limited way, many are developed countries that we would

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*“Citizens are not only stakeholders but also a rich source of knowledge and information about the performance and operation of government”*

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have, otherwise, expected to be among the most participatory due to their high levels of democratic development. It is possible that the relatively higher levels of conformity with auditing standards and the effectiveness of their parliamentary oversight committees have served these countries adequately.

About a decade ago, SAI Canada rethought accountability in the context of partnering arrangements in service delivery. It spelt out types of accountability relationships in an environment of ‘shared accountability’: (i) accountability among the partners ; (ii) accountability between each partner and its own governing body—in the case of Government, to Parliament; and (iii) accountability to the arrangement’s joint co-ordinating body, in many cases. The latter type may involve accountability to the citizens when the federal and provincial governments jointly agree to report to the public. SAI Canada believes that “shared accountability does not get you off the hook at all” and ‘responsibility is not reduced’. It is simply more demanding of partners.

More recently, the concept of ‘shared accountability’ has been found in the Australian government documentation as part of a call for new models of accountability. In Australia, the terms ‘joint’, ‘collective’ or ‘shared’ accountability are used interchangeably to accommodate horizontal ways of working, including, importantly, with citizens in the indigenous communities. Use of this terminology arose particularly when the Commonwealth government focused on ‘wicked problems’ and asked questions around the most appropriate accountability framework which would ensure flexibility for programs whose outcomes involved many players and could take many years to realize.

“Raising citizens’ awareness for the work of SAIs” was the theme of the presentation by SAI Morocco at the Symposium. It was categorically asserted that providing citizens with the right to vote and to choose the government is not a sufficient condition for democracy. Citizens needed also the right to get hold of information and ask for accounts. Two specific questions were addressed: How can an SAI build a relationship of trust with citizens and efficiently respond to their concerns? What are the required conditions for SAIs to fully play their assigned role? By providing the needed expertise in assessment and recommending corrective actions, the evolution of a SAI’s role in different countries meets not only the requirement of promoting efficiency in public finances, but also becomes a prerequisite to both democracy and government performance. To reach the public on a wider scale, SAIs need to diversify their communication media. Since parliamentarians have the right and duty to raise issues on behalf of citizens they represent, SAIs should also interact with the public through Parliament. SAIs can generate a dialogue between the rulers and ruled.

### **The Netherlands Court of Audit**

The Netherlands Court of Audit (NCA) is viewed within the country as among those organizations but not the only one to fulfil the role of serving as a watchdog for good public governance that serves the interests of citizens, the end users of government policy. Citizens and civil society organizations (CSOs) have first-hand experience of the problems that arise in public administration and may also act as critical followers of the gov-





ernment. This unique position makes citizens not only stakeholders but also a rich source of knowledge and information about government performance and management. The NCA believes communication with and the participation of citizens is of great importance to the quality of audits and to the feasibility and acceptability of recommendations. Social media are increasingly important in the communication with citizens and their involvement in public affairs.

Through crowd sourcing, the NCA gathers knowledge and insights from citizens on the internet, for example on forums such as LinkedIn. In 2011, NCA launched the 'Action Plan Teacher' internet forum and the 'Passion for public accountability' project. Twitter is now being used to announce new NCA reports and to direct Twitter users, interested in audit issues, to their website. Twitter is also being used to make NCA followers aware of parliamentary debates about their reports. Occasionally, the NCA responds to Tweets from third parties, about the audit reports.

### SAI Indonesia

In Indonesia, there was a reform movement in 1999 which called for good governance freed from corruption. There was a public expectation from the government reforms to recognize the significant role of SAI Indonesia in addressing the citizens' concerns. The Constitution secured the SAI's independence, strengthened the relations between SAI and public representative institutions (parliament and regional representative council), and also introduced public access to SAI's audit results. The law relating to Audit of Management and Accountability of State Finance in Indonesia required the SAI to consider inputs from public representatives in performing its duties. In order to cope with the changes and challenges, especially in maintaining public's trust, the SAI devised and implemented public relations and communication strategies. Channels for opening up communication with the public were established. The SAI started public campaigns to increase the public's knowledge about its reports and issues in accountability.



### SAI Russian Federation

SAI Russian Federation recognized that communication of audit-specific information to citizens was very important. Failure to properly inform society about the results of SAI's oversight work of public institutions, might result in social unrest. It was argued that the social unrest, which affected the Middle East and Northern African regions during spring 2011, were examples of what could occur if greater trust was not created by SAIs. The principle of openness is provided for by the Federal Law on the Accounts Chamber of the Russian Federation and is implemented by providing society, including the media, with independent, trustworthy and objective information on the effectiveness of public financial management. Among other modalities of communication, SAI Russian Federation relies on: interviews of members of the Collegium; publishing in the media articles by representatives of the Accounts Chamber, broadcasting speeches by members of the Collegium on TV; answering citizens' letters and appeals, establishing direct contacts with people during trips around the country; acting jointly with non-governmental organizations and meetings with the leadership of the country. A generally



followed principle is to concentrate urgently on those issues that are of most interest and concern to large groups of population at any given point. The Russian Account Chamber website—winner of the All-Russian Internet Contest “Golden Site of the Year” in the “Ministries and Agencies” nomination category—offers unrestricted access to anyone seeking information on the results of the Chamber activities and wishing to express his/her opinion on the SAI’s work.



## Chapter 5

# Citizen participation in government auditing



*UN Photo/Mark Garten*

**S**AIs are State organs mandated to ensure legislatures and citizens that the risks associated with public spending are adequately addressed by the executive. This general assurance is subject to their specific comments in their reports to legislatures. While the assurances provided have served governments well, doubts have been raised about how well-founded the assurances are, with the repeated media reports about fraud, corruption and regulatory failures. Citizens have increasingly grown doubtful about their government public financial management. In many countries, civil society has raised serious doubts about the effectiveness of the existing mechanisms to provide financial stability with delivery of social services and containment of corruption.

SAIs participating in the Symposium expected the different forms of citizen participation in government auditing, particularly the effective ways and the necessary conditions to involve citizens in audit processes. Accountability initiatives—such as direct accountability of officials to citizens on service delivery, for increasing citizens’ awareness about budgetary practices of government at all levels and for increasing access to information—have all contributed to addressing the problem of the lack of accountability in many developing countries. Support for legislation of the Right to Information (RTI) has accelerated in the past twenty years, with the number of countries with such legislation in place exploding from 12 in 1990 to over 90 in 2013.

Political participation requires an informed citizenry. The right to information is, therefore, a precondition of the democratic system. In addition, it promotes the exercise of other rights. Though legislations might be in place, UNDP’s Human Development Report on Argentina, 2002 featured survey findings that only 1.5 per cent of the population knew that they had a right to information. Very often, citizens know about their right to hold marches of protest and demonstrations as signs of their political contestation but are unaware of their Right to Information. Knowledge of the Right to Information could change the nature of the contestation. What used to be a confusing emotional reaction could actually become an unbiased and well-informed response to public policy announcements. In non-adversarial situations, RTI also helps the State to implement its policies by gathering citizens’ informed choices.

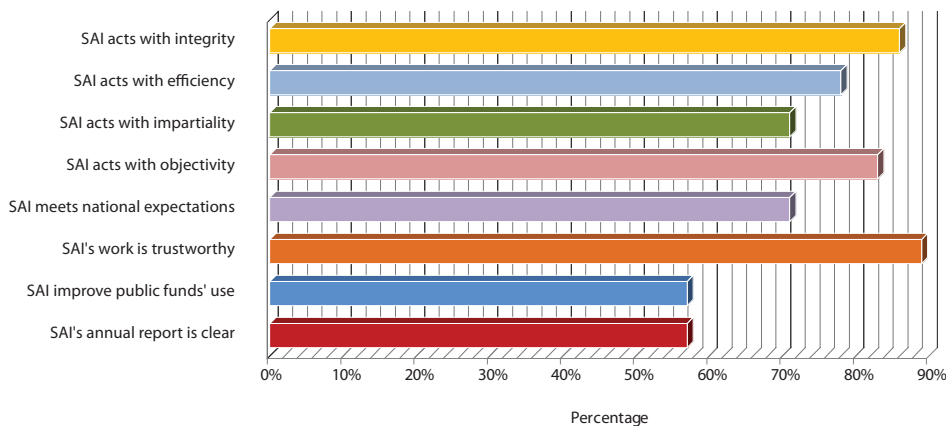


### SAI Mexico

SAI Mexico reported the findings of a number of surveys it had conducted in the recent past. A study in 2007 revealed that a large percentage of the non-specialized population was unable to identify the Supreme Audit Institutions’ specific responsibilities; yet, the percentage that did identify them overwhelmingly approved of (over 75%) the institution’s performance. The study also revealed that the educational status of respondents was a central issue in determining the response regarding the importance of public institutions’ transparency and accountability as well as SAI Mexico’s tasks. Likewise, the perception of the institution among national experts was good (69%), thus allowing the SAI to be considered well rated among Mexican government institutions.

A second survey was conducted in Mexico in 2009, regarding different areas related to the auditing process. About 36 federal government entities, one autonomous entity, nine state governments, two unions and thirty-one media organizations were asked about their knowledge on auditing, SAI’s functions and the perception of its work. The survey’s results were positive, showing that 57% of the sample felt that the SAI’s annual report offered a clear panorama of the public expenditures; the same percentage also sustained that the outcomes and findings of the auditing process contributed to the improvement of the public funds’ use; 89% of the surveyed entities believed that SAI’s work was trustworthy; 71% thought that the institution met national expectations regarding transparency and accountability; 83% considered that the SAI acted with objectivity, 71% with impartiality, 78% with efficiency and 86% with integrity.

Figure 5.1 2009 Public Perception Survey on auditing in Mexico



Though these responses were positive findings, SAI Mexico decided to further improve its works. In 2010, the SAI, in collaboration with one of Mexico's most prestigious social investigation centres, offered a workshop for journalists who cover legislative news on subjects related to SAI's work such as the conceptual framework of accountability, the institutional environment, the role of SAIs, the different kinds of audit processes, the national and international framework of auditing, and the quality of governmental performance. Several acknowledged specialists were invited to offer the courses, which were greeted very favourably by the panel.

SAI Mexico decided to take advantage of the momentum and created a series of spots describing its activities to the general public, and recorded twenty half-hour round table discussions. These programs—known as “Checks and Balances”—were moderated by a respected journalist and included the participation of specialists, scholars, members of the SAI itself and lawmakers representing the whole spectrum of Mexican politics.

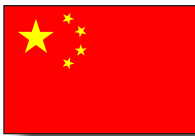
## SAI Poland

SAI Poland presented the novel practices on “Communication between SAIs and citizens to improve public accountability” initiated by the office. It was argued that media is the main source of information for citizens. In Europe, it is possible to recognize two main attitudes of SAIs towards the media—(1) a “traditional” one that mystifies its findings in its professional jargon and ignores the public demand for easy-to-read audit reports, and (2) another attitude that asks for greater cooperation with journalists and employs the use of trained spokespersons' skills as a key to effective communication with citizens and their opinion.



Disclosing irregularities and potential risks (a preventive measure) add to public accountability. It helps civil societies to take informed decisions to participate in decision-making in good governance. Cooperation with the media is not easy. The media must remain independent in democracies, and cannot be “bent” to meet the needs of SAIs. SAIs need to change their attitudes and become more flexible in order to make cooperation with the media as effective as possible.

In Poland, eminent journalists have been engaged by the SAI to determine the citizens' main interests in government financial accountability issues. Journalists are in touch with the people and ask them to identify the major elements of poor governance. Issues raised by citizens are then communicated and examined by the auditors. The auditors use an intra-net to get guidance from their expert colleagues in the fields concerned. The probes are also supported by internet searches and media reports to gather information on specific matters. This cooperation with the media allows SAI Poland to remain informed about citizens' current concerns.



## SAI China

In a seminal contribution to the deliberations of the Symposium on “Ways and necessary conditions to include citizens in the audit process”, SAI China indicated simple methods by which SAIs could involve citizens in the planning, execution and reporting stages of audit work. In particular, SAI China reported that its citizens were extremely concerned with the outcome of the Leaders' Accountability Audit, a special audit which assesses Chinese elected leaders' performance. Citizens' involvement in the process had promoted greater efficiency in government officials' work. Both the effectiveness of the audit and the level of governance have been greatly improved.

SAI China identified major ways to include citizens at different stages of the audit process. In the stage of audit assignment selection by SAIs, the citizens may put forward suggestions pertaining to their concerns. The audit institution should take the citizens' concerns and requirements into consideration and select those audit assignments which had proven to be of deep concern to the citizens and, therefore, of great value. The National Auditing Standards of the People's Republic of China states this requirement for prioritising probes. SAI China stated that some basic steps can help in involving citizens in the audit process: making public the annual plan of audit assignments; soliciting citizens' opinions regarding audit work through the SAI official website; establishing a system of engaging 'stringer auditors' (a special part-time auditor working in other sectors and participating in the audit work upon request under special arrangement with the audit institution) to solicit the citizens' opinions that will be considered in compiling the annual plan of audit assignments; carrying out surveys among the citizens about their concerns and requirements related to the audit work before deciding audit assignments; soliciting the opinions and suggestions of the members of the People's Congress and People's Consultative Conference in China and responding appropriately to opinions and suggestions.

At the stage of audit execution, the audit institution may find out clues to possible fraud and choose items of high risks by carrying out investigations about the population's complaints and interviewing relevant citizens. This would make auditing more responsive and effective, and give more opportunities to detect clues to fraud and elements of low performance. Setting up a mail box and a hot line to receive complaints, interviewing relevant citizens and informing the citizens of current audit assignments through the media can help in the process of conducting audits.

After compiling the audit report, the audit institution should make audit results public in order to ensure the citizens' supervisory role. The pressure from citizens would urge the auditee and individuals concerned to implement the audit recommendations, and make further investigations for responsible governance. Communicating the audit report in an accessible manner to the citizens and responding to their questions through the media could help at this stage. Responding to the opinions and suggestions of members of the People's Congress and People's Consultative Conference could also contribute to the overall performance of the SAI.

SAI China stated that a necessary condition to involve citizens in the audit process was to make provisions about citizen engagement in the audit process in the national law.

## SAI India

SAI India described a citizen movement for social audit that started in 1990 and that seeks to enhance public accountability in India. It initially started with a request by poor manual workers for actual payment of the statutory minimum wage. However, the demand was refused on the grounds that 'they did not work'. The workers protested, and were told that the record books for the works, which were filled in by junior engineers of Public Works Department showed they had not worked. Their hard labour had not been recorded. The workers naturally demanded to see the records, a request that was denied by the Administrators, who cited the Official Secrets Act of 1923.



The need to access the records was hammered home. Rural workers decided to form a union, the MazdoorKisan Shakti Sangathan (MKSS), to struggle for ways and means of wresting their right to access information from the government. The struggle illustrated how the right to information was not only a component of people's right to freedom of speech and expression, but also a part of their fundamental right to life and liberty. They were asking to receive a statutory living wage, entitlements under the ration quota at the local "fair price shops", the medicines they were entitled to receive in public health centres, and freedom from coercive abuse by the police.

Communicative action characterized the movement for social audit and the right to information. When the initial phase of agitation began with a sit-in, the Government of Rajasthan passed an order whereby people were given the right to inspect records. Certified photocopies were later allowed. While inspecting the records of a *panchayat*, the MKSS found that irregularities and malpractices were evident. To share the documented evidence with illiterate rural workers, a public hearing was organized. Known as a *jansunwai*, this became an incredibly powerful step in rejuvenating community action.

Leading up to a *jansunwai*, typically, the MKSS first obtained the records related to the public works carried out by the panchayat. Once the documents were accessed, the Sangathan took the records to each village where the works were supposed to have been executed and checked them by asking the village residents and the workers who had been employed on the site to authenticate the records. On the day of the public hearing in front of the village residents' general assembly, the details were read out and testimonies sought.

A panel of ‘men of letters’ from different walks of life, like lawyers, writers, journalists, academics and government officials, were invited to the public hearings to act as a jury. In the presence of officials from the district administration, an effort was made to arrive at appropriate corrective measures and recoveries for the irregularities identified.

*Jan sunwais* have touched a social chord in India. The malpractices usually uncovered at sites for anti-poverty employment generation works are over-billing in purchase of materials, fake muster rolls, under-payment of wages and, in some very interesting cases, ghost works (construction works that appear on the records but do not exist on the ground). Workers denied payment after repeated visits to the *sarpanch* over years often ended up being paid overnight at the mere announcement of a *jansunwai*. Cases where, after publicly uncovering embezzlement during a public hearing, the *sarpanch* would promise and would, in fact, pay back the amount into the *panchayat* account are not rare. Action has sometimes been initiated by the government against officials without whose complicity the embezzlement could not have occurred nor would have remained unnoticed. (This indicates a lack of whistleblower protection legislation in the country).

The willingness of the people to testify, at *jansunwais*, against people in power often belonging to a higher caste and an intimidating social standing, is a remarkable development in India. *Jan sunwais* are now being arranged by many activists and NGOs in the country to probe information related to ration cards and registers, electoral rolls, accounts of municipal corporations and agencies for slum development.

Thus, it is essential to define transparency not merely as visibility of whatever might be chosen to be displayed by the State, but more substantively, as *the process of seeking correspondence between the registers of experiences and memories in the minds of people and the registers of the State*. The MKSS triggered a movement joined by many people’s organisations and NGOs which finally succeeded in wresting the Indian Right to Information Act from the legislature in 2005.

It is now widely recognised that the enthusiasm with which individual citizens have been using this right heralds a transformation in public administration. Social audit as a practice has been welcomed by citizens (especially the poor) as the appropriate means of securing the accountability of officials and politicians. It has demonstrated ability to gather people from all walks of life—through media platforms and local assemblies—and to engage them to collectively uncover irregularities and corruption in high-tech privatisation projects or in simple social services delivery.

Three-fourths of the way to the 2015 finishing line for achieving the eight globally agreed Millennium Development Goals (MDGs), India is at a crucial turning point with both successes and failures. The lack of a credible delivery mechanism for social sector programmes at sub-district levels has made social audit, conducted by government, even more important. It is a good practice in the guidelines issued for a rights-based anti-poverty national rural employment guarantee program. Several provincial governments have already established Directorates of Social Audit and others are likely to do so very

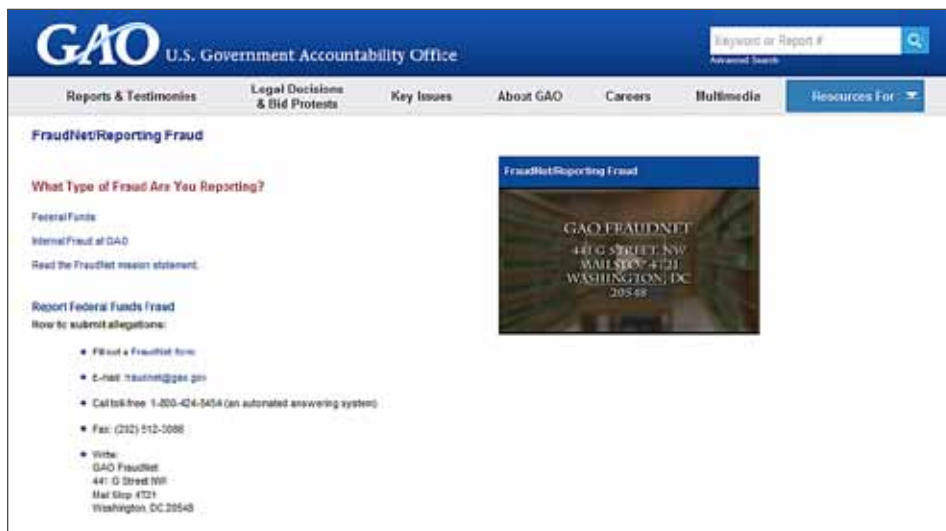
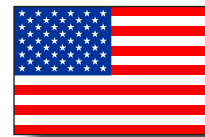


soon. In short, social audit is now viewed even by government in India as essential for good governance.

SAI India has started taking into account this mechanism for social accountability since 2005, when Parliament offered new guarantees about different citizens' rights. The guarantees are related to children's education, employment for rural manual labour households, rights to dwell in the forests for the original forest dwellers and to food at subsidised prices for the poor. Following this, SAI India must meet the challenge of reporting about the delivery of these rights.

## SAI USA

SAI USA addresses citizen participation in three specific areas: mechanisms in place to receive citizen complaints, citizens' participation in audit planning, audit process, and the monitoring of the implementation of recommendations, and enhancement of citizens' audit-related skills. The most important mechanism in place to receive citizen complaints is a program called FraudNet, which is a vital part of the Forensic Audits and Investigative Service Team at the Government Accountability Office (GAO).



*FraudNet, General Accountability Office, US Government*

The objectives of FraudNet are to:

- operate an automated means that anyone may use to report allegations of fraud, waste, abuse, or mismanagement of federal funds;
- refer these allegations to the Inspector General (IG) of the cognizant federal agency;
- respective responses to congressional requests

- review IG responses to allegations referred by GAO;
- advise GAO teams and agency IGs of audit leads; and
- provide information to federal, state, and local organizations about establishing their own hotlines.

SAI USA also consults with many advisory groups and professional organizations made up of citizens from a broad range of disciplines. These groups advise on topics such as strategic planning, auditing standards, and other audit issues. GAO also directly involves citizens through the use of focus groups and surveys to provide information in some of its audit work, when appropriate. They have also been active in obtaining direct citizen involvement for some of their audit work through the use of citizen focus groups and surveys.



### SAI Honduras

SAI Honduras presented the legal structure which requires citizens' complaints to be dealt within Honduras. Corruption is a widespread problem affecting public administration in Latin America and indicated an obvious weakness in the design and implementation of monitoring and control models of public management. This weakness led the Member States of the region to implement innovative strategies to curb administrative corruption, ranging from the creation of presidential programs to fight corruption, to the establishment of national and local commissions of transparency, and up to institutional modernization approaches that centre-stage citizen participation as a key element to ensure a substantial improvement in the quality of public management.

The process involves the organisation of a seminar-workshop with social organizations and citizens that seek to detect irregularities in public officials' use and management of state assets and resources. The Department of Control and Follow up of Citizen Complaints (DCSD) is responsible for investigating the allegations raised by citizens and their follow-up in collaboration with the auditors..

### A comparative cross-country research on budget work

A comparative cross-country research project on six detailed case studies of independent budget work was very revealing. It was conducted in Brazil, Croatia, India, Mexico, South Africa and Uganda, where non-governmental public actors have been engaged in budget analysis and budget advocacy for a period of 5–10 years. A broad range of organisations do this work, from NGOs, to networks and social movements, to research organisations.

Located in the Indian state of Gujarat, *DISHA* (Developing Initiatives for Social and Human Interaction) is a social movement, representing unions of tribe members and labourers, which developed budget work in the mid-1990s as a means of supporting their claims for land and labour entitlements. At the other end of the spectrum, the Institute for Public Finance (IPF) in Croatia is a publicly-funded research organisation which analyses a wide range of public expenditure policy issues. *IDASA* (Institute for



Democracy in South Africa) is a leading South African NGO that established the Budget Information Service in 1995 to coordinate its work on budget analysis with a focus on women, children and HIV/AIDS. *Fundar* in Mexico and *IBASE* (Brazilian Institute for Social and Economic Analysis) are NGOs with a broader mandate for promoting human rights and government accountability on the one hand and citizen education and empowerment on the other. In both cases, they are within a broader project of democratisation. The Uganda Debt Network (*UDN*), an NGO that emerged out of a coalition, works on debt and poverty reduction.

The budget analysis and advocacy of these organisations are motivated by a commitment to increase the influence of the poor and marginalised in the budget process and to ensure that budget priorities reflect the needs and priorities of this broad constituency. This will be clearly expressed through the social groups selected in their analysis and advocacy work. These are low-income people, women, children, dalits (former untouchables) and tribe members in India. The main issues of their analysis are employment, education, health and HIV/AIDS.

The six organisations all work on different aspects of public budgeting around a common core of activities centred on information, analysis, advocacy and capacity building. Most of the work centres on national and state-level budgets, though several organisations are engaged in activities at the local government level (India, Mexico and Uganda), mostly on tracking expenditure allocations and outcomes. Four of the six groups focus mostly on the expenditure side of the budget and only two address revenue issues.

The findings from the case study research led to a number of conclusions on the impact and significance of applied budget work and point to several explanations for how various impacts were achieved. The impacts fall into two principal categories: changes in budget policies and changes in the budget process. Changes in budget policy are reflected in increases in expenditure allocations, the quality of implementation or execution (i.e. the efficiency and effectiveness of expenditures), and expenditure outcomes in terms of physical outputs. Overall, the research found that the most significant impacts achieved by independent budget groups lie in improving budget transparency and budget awareness on the one hand, and enhancing budgetary resources for existing programmes and improvements in the efficiency of expenditure utilisation on the other.

Analysis carried out by independent budget groups can directly lead to positive improvements in budget policies in the form of increased allocations for social welfare expenditure priorities by highlighting the inadequacy of existing allocations and discrepancies between commitments and actual disbursements. The most significant documented impacts take the form of increased allocations of budgetary resources for reproductive health in Mexico, child support grants in South Africa, and tribal development expenditure in Gujarat. These important precedents demonstrate that budget advocacy has the potential to influence decisions to introduce new programmes and to leverage additional financial resources for programmes that have already received legislative approval.

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*“The audit institution should make audit results public in order to encourage citizens’ supervisory role with their governments”*

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In the Mexican case, *Fundar* managed to achieve a ten-fold increase in the 2003 budgetary allocation for a national programme, designed to combat maternal mortality through emergency health care provision as a direct result of its gender budget analysis and lobbying efforts. This represented a budgetary increase in the order of US\$50 million for a programme that has the potential to directly benefit pregnant women, especially those from poorer, indigenous communities. The impact of this work would be evident in a reduction in maternal mortality which is one of the Millennium Development Goals.



### South Africa

IDASA's Children's Budget Unit in South Africa used budget analysis to monitor federal budget allocations and programmes designed for children from low income families and to highlight challenges regarding the delivery of services in active collaboration with other organisations advocating for child rights. The campaign was spearheaded by the Alliance for Children's Entitlement to Social Security and drew on budget information provided by the CBU. The campaign was successful in its objective of increasing the resources originally committed in the national budget for the Child Support Grant when it was first introduced in 1998 and raising the maximum eligibility age to fourteen years. The level of the grant has since kept pace with inflation, partly as a result of on-going monitoring and advocacy work by IDASA and its allies. As with the Mexican case, civil society advocacy predicated on robust analysis successfully contributed to an increase in the budget envelope for a new government initiative.



### SAI India (Gujarat)

A third example, from DISHA in Gujarat, is related to the allocation and utilisation of an existing budget line designed for the socio-economic advancement of tribals (indigenous peoples), namely the Tribal Sub-Plan (TSP). In Gujarat, 15 per cent of the state government budget is channelled through the Sub-Plan in line with the tribal share of the population, either directly for special programmes earmarked for this group or as a geographical share of large infrastructure investments. Detailed analysis of state expenditure patterns from the mid-1990s revealed that government spending commitments fell below this level and that allocations were not being utilised effectively. Sustained mobilisation by the unions affiliated with DISHA through marches and demonstrations publicised the extent of the under-spending and placed pressure on the government to respond. This combination of collective action and analysis contributed to a modest increase in allocations as a percentage of total expenditure over the five-year period from 1994–99 and, thereafter, to significant increases. While it is difficult to attribute this improvement in budget implementation to DISHA's interventions with complete certainty, informed commentators in Gujarat confirm that its advocacy efforts contributed in some measure to more effective utilisation of budget allocations for tribal welfare.

### Expenditures tracking

There was more widespread success in tracking expenditure outcomes which can result in substantial savings through improved efficiency and reduced corruption. Both DI-

SHA and the Uganda Debt Network (UDN) provide good illustrations of how tracking expenditure outcomes generated substantial additional resources by reducing misallocations or enhancing resource availability for development investments at the local level. In the UDN case, systematic monitoring of government budget commitments and implementation in a number of localities across the country (35 sub-counties in 7 districts) through community-based monitors identified a number of shortcomings. These include the quality of building materials for the construction of classrooms not being in conformity with technical specifications due to the use of poor quality or inadequate materials, the absence of essential drugs from health centres, and teacher absenteeism. The community monitors report such cases to the local authorities to ensure appropriate action against errant officials and to increase or reassign resource allocations in line with budget provisions.

Civil society budget initiatives also contributed to improved accountability by enhancing the answerability of the political executive in relation to policy decisions and budget commitments. The failure of governments to devote adequate budgetary resources in line with policy commitments required legislative intervention in Mexico and Gujarat State, where legislators held the executive to account in budget debates using the analysis and information provided by independent budget groups, thereby strengthening *ex-post* accountability. Budget tracking in Uganda provided an opportunity for legislators to raise concerns on the utilisation of government resources and to enforce expenditure commitments at the local level. In the South African case, lobbying and analysis by a civil society coalition led to enhanced budgetary commitments prior to legislative deliberation, thereby serving as a case of *ex ante* accountability.

### PSAM initiative in Eastern Cape Province

The International Budget Project reported that in South Africa, a headline in Grocott's Mail, South Africa's oldest surviving independent newspaper proclaimed on 18 June 2004, "Accountability Lacking in Eastern Cape". The article quoted researchers from the Public Service Accountability Monitor (PSAM) on the poor monitoring of public service delivery agencies in the Eastern Cape Province. PSAM had long argued for the need for effective oversight of public agencies, which was "*woefully lacking*" and cited a statement made in 2002 by the Auditor-General (the SAI in South Africa) noting that "*not a single one of the Standing Committee on Public Accounts recommendations had ever been implemented by any provincial department*". PSAM initially took on the task of tracking actions taken by the provincial administration in response to reported cases of corruption. A number of these cases had originally been identified in Auditor General's reports. PSAM collected this information in a database that was made available to the public on its website. The database shows that effective corrective action had been taken in response to less than 10 percent of reported cases. The database became a source of information that citizens and civil society organizations could use to gauge the commitment of government agencies to fight corruption involving agency members.

PSAM monitored whether recommendations to improve financial controls made to agencies by the Auditor-General and the legislature's oversight committees were be-

ing implemented. It utilized a wide variety of means to obtain documents pertaining to financial management, maladministration and corruption including, when necessary, using freedom of information provisions. It publicized its findings on a regular basis, including by producing a weekly column (the “Accountability Monitor”) in a provincial newspaper. PSAM produced analyses geared to public understanding and specifically designed to engender and support public involvement in governance processes. It produced and distributed its analyses of public expenditure management in a manner timed to coincide with the budgeting and oversight cycle in order to influence budget and spending priorities and improve service delivery.

PSAM has achieved encouraging results in the Eastern Cape Province. Its research and advocacy efforts have contributed to the improvement of financial reporting standards in provincial government agencies, which in turn has led to a dramatic decrease in the number of *audit disclaimers* issued by the South Africa’s Auditor-General to these agencies since 1996.



### SAI Oman

In Oman, the State Financial and Administrative Audit Institution (SFAAI) has detected several irregularities since its e-window through smart-phone applications was launched in a move to open communication with the community, protect public money and ensure the quality of services provided by entities under its supervision. The application, in English and Arabic, has several features including a complaints window, and also the laws governing SFAAI operations. The success of this system is evident with the increase in the number of cases brought to trial for fraudulent activities and an increase in the recovery of public funds.

The complaint window has contributed to the detection of many administrative and financial irregularities, as the number of complaints received by SFAAI was 644 between July 2011 and July 2013. Classification of the complaints shows that 351 were about administrative and financial irregularities, 78 about activities against citizens’ interest, 65 were on abuse of power, 36 relating to improper awarding of bids and 114 others. Most importantly, through the use of technology, the SAI has successfully restored transparency and accountability in government entities, thus boosting public confidence.

The SAI’s national project in Oman has bolstered the public’s faith in the government to eradicate corrupt or malpractices and to ensure transparency in a level playing field. In addition, public complaints and feedback are now properly recorded, handled and monitored, giving them the assurance that the government takes their feedback seriously and is working hard to protect public funds without fear of being marginalized.

# Chapter 6

## SAIs, Parliaments & Citizens



*UN Photo/Eskinder Debebe*

**T**he viewpoint of parliaments was presented by the Secretary General of the Inter-Parliamentary Union. Parliaments need SAIs to be able to hold government accountable. Equally, SAIs depend on parliaments to ensure that their findings and recommendations are followed up and lead to corrective action. Closer working relationships are, however, difficult to achieve. A survey conducted by IPU-UNDP has shown that MPs do not think that citizens view their oversight role as terribly important. They think people expect MPs to put greater emphasis on solving constituents' problems. Sensitivity to perceptions of MPs about their role is important for considering strategies to ensure greater financial oversight through closer cooperation between parliaments and SAIs.



At a round table discussion at UNESCO Headquarters in 2011 to debate the lessons that could be learnt from the most recent developments at that time in many Arab countries, many participants expressed the opinion that the protests in Egypt were motivated by a concern about the lack of voice and a strong wish to see political reform. However, opinion polls taken after the Arab Spring indicated that two thirds of the people who took to the streets did so principally because of discontent with low living standards and unemployment.

In general, it has to be borne in mind that populations are growing at a rapid rate. In Egypt, the figure has doubled in 30 years from 1980. The populations today are also young. In many developing countries, the biggest demographic group is below thirty—generally less than half the age of those who are in decision-making positions. Adding to this a lack of opportunities for young people is a recipe for social unrest.

While it is fair to assume that people want more transparency, wider freedom and greater social justice, people also want fair play, jobs and the benefits of development. People want more opportunities and better service delivery. They want better governments. One way of achieving this is by ensuring better parliamentary oversight. An important aspect of strengthening democracies is to build the capacity of its institutions.

In many other parliaments, effective processing of and follow-up to audit reports are hampered by a lack of capacity. Parliaments need skilled staff to process the reports received from SAIs. Parliament also needs expertise to be able to make use of the information. Parliament has to prioritize which reports/recommendations to act on.

Creating Parliamentary Budget Offices can help to provide this capacity and expertise to parliament. There is at present no capacity to follow up on the decisions and recommendations of parliaments. Only those parliaments adequately resourced and good support services have begun to have the means to focus on an audit report and track action that may, or may not, have been taken as a result of the parliament's report. Parliamentary capacity, or lack thereof, is a major issue that needs to be addressed in many parliaments in the developing world. Similarly, it is possible to create a link between SAI reports and budget approval. The potential for audit scrutiny to inform and enhance the budget approval function remains under-utilised.

When a SAI does not have full independence—including operational, administrative and financial autonomy—its ability to scrutinize government spending is weakened. The risk is that the SAI will not be able to conduct substantial operations that expose how the executive is managing taxpayers' money. The SAI may find itself doing routine transactions that do not add value in terms of the government's effectiveness in delivering services, and the efficiency of its spending. The risk of compromising the quality of audits is, therefore, high. Despite a legal framework defining an SAI's full independence, the SAI's ability to draw its annual audit plan and implement it without interference becomes theoretical if it cannot get the necessary financial resources, hire the necessary staff, discharge those who do not perform, remunerate its staff adequately, and change or adapt its structures as needed to enhance its effectiveness. If the scope and depth of the

work of the SAI is not adequate due to administrative and financial constraints imposed by the executive, government operations may not improve. Taxpayers will not get services that represent the best value for their money.

In their role of government oversight, parliaments in developing countries as in other countries need audit reports that are prepared by an independent and capable audit office. Parliaments, therefore, have a role in ensuring that the SAI gets sufficient financial and human resources for an adequate scrutiny of government spending. It is considered best practice that, given the uniqueness of the auditing business, SAIs hire qualified staff with adequate remuneration.

The SAI needs to be viewed as an important element of the checks-and-balances system in developing countries. Government needs to be held accountable for its spending and for the quality of services it provides to the citizens. Without an independent SAI, that accountability mechanism is weakened. The major challenge for developing countries lies in ensuring that SAIs' independence is effectively practiced rather than just having it as a legal provision.

At the 21st Symposium, most SAIs agreed that the traditional ways of delivering political and bureaucratic accountability, such as intra-government controls or elections, are increasingly found to be limited in scope. Administrative bottlenecks, weak incentives or corruption in state-centred political and bureaucratic accountability mechanisms restrict their effectiveness, particularly from the perspective of the poor and marginalised people who need accountability most, but who lack the means to work round such obstacles.

The work of SAIs is greatly enhanced by support from the citizens, who can persuade representatives to follow up on the SAIs' findings and recommendations and lead to corrective action. Forging closer ties among SAIs, citizens and parliaments in the budget process seems to be a logical activity to undertake.

Existing evidence shows that accountability initiatives of citizen groups create opportunities for citizens and states to interact constructively, contributing to five kinds of outcome: better budget utilisation, improved service delivery, greater state responsiveness to citizens' needs, the creation of spaces for citizen engagement and the empowerment of local voices.

While the structure of the budget process makes substantial changes in expenditure priorities difficult to achieve, budget groups directly contribute to positive impacts on budget allocations and improved implementation, thereby increasing the accountability of decision-makers. Tracking of budgetary expenditures and impacts was also found to be effective in ensuring effective utilisation of education and health expenditures. Increased budget allocations and improved utilisation of public funds that benefit poor and disadvantaged groups can ensure greater equity in budget priorities and further social justice objectives.



The 1990s were a turning point in the processes of democratisation, with greater pressure from civil societies for accountability. The decade saw the emergence of a large number of non-governmental initiatives, which sought to deepen citizen engagement in the processes of budget analysis and public expenditure management. Several initiatives surfaced in this period to expose gender biases in government budgets, often under the auspices of budget groups with a wider remit.

There was also the political momentum around participatory budgeting with its origins in Porto Alegre in the mid-1980s, which has now spread to one hundred municipalities in Brazil and been adopted by reformist municipal governments elsewhere in Latin America. In this influential Brazilian experiment, the emphasis on mass participation in deliberating public budgets was central to a democratic project of widening citizen engagement and oversight in which budget priorities would more closely correspond to local priorities and popular needs.

Two dimensions of transparency are especially pertinent to the budget process. First, budget transparency can mandate the executive to divulge the sources of data and information used to frame decisions on revenue priorities and expenditure allocations. Budget transparency improves the ability of politicians and citizens to scrutinise government actions by subjecting the factual basis on which allocative decisions are made to questioning by legislators, the media and civil society organisations. The prospective legitimacy arising from this form of openness can incentivise governments to be vigilant in ensuring that the data supporting their decisions is timely, accurate and verifiable. Second, improved transparency in the budget process can reveal in the public domain the basis on which priorities are formulated and clarify the roles of and responsibilities of individuals in the executive who take these decisions. Hence, a more open budgetary process both confers legitimacy on the budget process and the validity of executive decisions. Both forms of transparency can help to reduce the scope for corruption through the misallocation of expenditures or the diversion of public resources for private ends.

There are several means by which budget transparency can be improved. One is simply an executive decision to strengthen fiduciary oversight mechanisms to improve transparency and to make information more freely available in the public domain. But in practice, governments are reluctant to open up the budget process to greater scrutiny as this would undermine their discretionary power. Despite this in-built resistance to improve budget transparency, there are two mechanisms by which budget information becomes more freely available and the decision-making process more open to public scrutiny. One takes the form of legislation on access to information and the second is peer pressure resulting from international surveys of budget transparency.

The former can be a powerful tool for improving the transparency and accountability of government and often results from organised civic pressure to compel governments to introduce legislation as much as the benign intentions of reformist politicians who recognise the intrinsic benefits of right to information provisions. The latter takes the form of cross-country comparisons of budget transparency undertaken by international organisations like the International Monetary Fund and the International Budget Pro-

# Budget transparency in the Democratic Republic of Congo



1

**In 2002 a peace accord was signed that signaled the official end to many years of conflict in the Democratic Republic of Congo (DRC).** A transition government was established in 2003—the same year the International Monetary Fund approved the DRC to receive assistance through the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC requirements included “transparent handling of budget resources.”

2

**During 2005 more than 300 Congolese civil society organizations came together in a network.** The main objective of the network was to support the transition process and the establishment of the rule of law, democracy, and good governance. In 2010 the network’s name was changed to Réseau Gouvernance Economique et Démocratie (REGED).

3

**REGED did the research for the Open Budget Survey 2008.** The Survey showed that the DRC government provided information on only one of the eight key budget documents—the Enacted Budget. The DRC scored 0 out of 100 on the 2008 Open Budget Index (OBI, a comparative measure of budget transparency calculated from a subset of Survey questions).

4

**After the release of the OBI results, REGED’s leader, Bishop Abraham, requested a meeting with the Minister of Finance.** Several meetings followed after which the government began publishing more detailed budget reports. Some of the meetings were attended by the Chair of the Editorial Board of the Bill on Public Finance. A few months later this person was appointed as the Coordinator of the Steering Committee for Public Finance Reform.

5

**This person’s attendance at the meetings gave new ideas to an important actor and also made him aware of REGED’s knowledge and skills.** In 2009 REGED started the research for the Open Budget Survey 2010. The process included a workshop for civil society on the production of a budget summary (Citizens Budget), and a workshop for journalists on the eight key budget documents. REGED also trained the media on how to follow the parliamentary debate on the budget law, and on how to discuss tax and budget information on television.

6

**In 2010 the Minister of Finance changed.** REGED used a meeting of the Economic Governance Thematic Group to state clearly, in front of the government officials, donors, and private-sector participants, that the DRC still did not publish all key budget documents. In response, the new minister said that he would meet with civil society; however, the promised meeting did not happen immediately.

7

**REGED then wrote a memo that called for the release of documents, and the development and publication of a Citizens Budget.** REGED also met with officials in the minister’s office to discuss the budget transparency issues highlighted in the memo.

8

**The minister eventually met with REGED.** He also called the Director of Budget Preparation and Monitoring to meet with them. The signed memo was not published, but REGED used it to train provincial deputies and civil society members. Meanwhile REGED continued to participate in meetings related to Ministry of Finance reform processes.

9

**By the end of September 2010, the government had made public the budget summary, a Citizens Budget, the Enacted Budget, and In-Year Reports.** The DRC’s overall OBI score rose to 6. The government also published the Executive’s Budget Proposal for 2010, but only after the cut-off date used by the Open Budget Survey. The Ministry also started publishing other information, such as the budget timetable and budget preparation guidelines. When the Open Budget Index 2010 was released in the DRC, the Minister of Budget congratulated civil society for its work on improving economic governance in the country.

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*“Parliaments have a role in ensuring that the SAI gets sufficient financial and human resources for an accurate assessment of government spending”*

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ject which has sponsored civil society assessments in Latin America and elsewhere. These have proved to be a powerful tool for persuading governments of the need to improve their rankings, especially when existing provisions for budget transparency are shown to be deficient, and the results are widely disseminated in national and regional media.

There are, in addition, two indirect ways in which opportunities for participation in the budget process can be extended through organised citizen engagement. One is by enhancing the capacity of elected representatives to participate more actively in the budget process by arming them with accurate and accessible information to scrutinise expenditure decisions and budget implementation. This is especially important for legislators who occupy key roles in official accountability and oversight mechanisms such as legislative budget and public accounts committees which review internal audit reports on government spending, often with the power to recommend sanctions and of enforcement.

Budget groups can assist legislators in becoming more active participants in budget debates through training in fiscal literacy and by equipping them with independent sources of data and information.

At the UN/INTOSAI Symposium, there was general agreement that parliaments and SAIs needed to develop close and on-going relationships and that INTOSAI and the IPU had a major role to play in that process. It was re-emphasized that SAIs and parliaments were not the only stakeholders. Involving the media and civil society at large was also essential. Civil society could provide parliament—as well as SAIs—with the insights and expertise they needed to ensure effective monitoring of budgetary performance by the government.

SAI Republic of Korea dwelt on the potential risks and practical approach followed by its country. The benefit of improved efficiency of public administration was amply clear. However, there were risks that needed some consideration, such as independence impairment, additional skill/code of conduct requirement for an arbitrator role, insufficient work motivation for the SAI staff and overlapping/coordination with the Ombudsman agencies. Once established, the involvement with citizens may be extremely difficult to pull back from.

SAI South Africa was emphatic about the fact that SAIs exist to improve the lives of citizens. The INTOSAI community also acknowledged that SAIs can only improve the lives of citizens if SAIs themselves were regarded as credible model institutions that lead by example. SAIs should only partner with those institutions and through channels that will not tarnish the reputation and standing of the SAI.

The perspective and insights of strongly engaged citizen representatives add value to the audit work at all stages. By playing the role of a credible “bridge” between the SAI and the citizens, these representatives assist by facilitating more effective discussions with the citizens they represent during interactions such as communication of the audit findings.

A focus group is a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs and attitudes towards a product, service, concept, advertisement or idea. Questions are asked in an interactive group setting where participants are free to talk with other group members. SAIs use techniques such as a focus group discussion to get an assurance early in the audit process that the right questions are included in the audit. Focus group discussion is an additional level of quality assurance, especially for improving the adequacy and completeness of an audit, including recommendations. Using a focus group is helpful in many ways. It saves a lot of time, experts can be heard and involved in the process, a higher level of quality assurance can be achieved, offers a possibility of involving relevant citizens, scopes the audits by ensuring that the right issues are included in the audit.

SAI Denmark described a case where focus groups were used to comment on a digital system for property registration, test and publication of rights in the title register in Denmark. The main digital land register was launched on 8 September 2009 after having been delayed several times. After the digital land registration was launched, the users experienced problems with the registration of land in the title register, which among other things, involved a long processing time. At the request of the Public Accounts Committee, the SAI re-assessed the implementation of the digital land registration project, including the basis for the decision to implement the project, project management, financial management, the functionality of the system, the preparations relating to the organizational implementation of the system and the functioning of the system.

The focus group for the project consisted of representatives from the banking sector, the lawyers union, the estate agency union, the registered land surveyor union, the Ministry of Justice, the Land Registration Court, the supplier of the system and an IT professor. Using the focus group technique required a summary of the meetings to be submitted to all participants for comments, and the summaries were then used as secondary documentation in the audits.

Venezuela has a comprehensive provision in its law for close interaction between citizens and the SAI. Guidelines for implementation of the provisions of the law have been issued by the SAI. In the Organizational Act on the Office of the Comptroller-General of the Republic and the National System of Government Audit, Article 75 empowers the Comptroller-General of the Republic to issue guidelines for the purpose of encouraging public participation, with particular emphasis on the following aspects: supporting initiatives of organized community groups within the framework of citizen participation in the conduct of social or community audits; regulating, managing, coordinating and assessing public disclosures from agencies conducting social audits; facilitating follow-up, oversight, supervision and monitoring of the execution of plans undertaken by social audit units on community projects presented by community councils or communes; establishing strategies to develop and foster citizen participation in the audit process with a view to contributing to the oversight of public administration; promoting public monitoring mechanisms on projects with high economic, financial and social impact; promoting mechanisms for improving the conduct and effectiveness of government au-

ditioning with the active and democratic involvement of social audit units forming part of community councils or communes.

Accordingly, SAI Venezuela has published guidelines to encourage citizen participation. The primary objective of the guidelines is to promote the exercise of the public's right to participate in fiscal management oversight through citizens' assistance offices and public sector audit bodies. These guidelines also state that "public support services shall be provided primarily by citizens' assistance offices, which, pursuant to article 9 of the Anti-Corruption Act, are to be set up by the institutions and bodies referred to in Article 9 of the Organizational Act on the Office of the Comptroller-General of the Republic and National System of Government Audit.

SAI Brazil has learnt many useful lessons from its engagement with citizens. Expanding the debate with several sections of society and with parliament appears to be an important next step. The selection of relevant topics enables SAIs to play a more effective role for critically elaborating on public policies towards improvements in them.

The interaction between SAIs and citizens can prevent corruption in the context of the implementation of the Millennium Development Goals. The UN General Assembly Resolution on *Keeping the Promise: United to Achieve the Millennium Development Goals* (A/RES/65/1 of September 2010) specifically included 'working towards transparent and accountable systems of governance at the national and international levels.'

Increasing the responsiveness of Member-States to citizens in all MDG-related processes, enhancing accountability and preventing corruption in public service delivery contributes towards creating a citizen-centred public administration. The initiatives for publication of audit reports in the media, participation of citizens in inter-institutional advisory bodies or councils and the discussion on procedural steps to citizen-initiated audits are important steps.



## Chapter 7

# Citizen Engagement by SAIs for sustainable development beyond 2015



*UN Photo/Mark Garten*

**B**uilding common strategies that can be locally adapted is important to achieve development outcomes. Issues like gender, power structures and the tension between innovation and the risk-adverse culture in public service still remain topical. Challenges are still ahead.

**CORRUPTION »** The 10th Report of the United Nations Development Programme on Human Development in South Asia, published in November 1999—covering India, Pakistan, Bangladesh, Sri Lanka and Nepal—prepared by Mahbub-ul-Haq, marked a milestone in thinking about corruption. It noted that “Combating corruption in the region is

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*“The participation of citizen organisations has the potential to improve the oversight capacities of SAIs, enhance public support for their mission and contribute to good governance”*

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not just about punishing corrupt politicians and bureaucrats, but also about saving lives.” There is a myopic tendency in developing countries to clamour for ever larger financial commitments for development purposes and then not caring sufficiently for the integrity of delivery mechanisms.

High-profile initiatives that are rushed to respond to political demands can suffer from a weakened control environment, with no or insufficient risk assessment or inadequate oversight mechanisms. The biggest problems in the management of public funds are often rooted in inadequate preparations or poor implementation in the early stages of interventions. Time-consuming identification of objectives, setting up implementation mechanisms and selection of first projects are often seen as contrary to project expediency. Interventions delivering “in a flexible manner” and emphasizing “timeliness” often do not gain time but may have to be extended to remediate mismanagement or poor implementation.

It is extremely important that SAIs, as offices of the Constitution in each of these countries, be supported to function as institutions that serve their respective nations and not just the organs of government. This underscores the need for SAIs to be guaranteed their independence for them to be able to act as a strong countervailing force to corruption, both at the national as well as local levels.

At the Symposium, there was an intense debate on the feasibility of allowing the citizens and the non-governmental organizations (NGOs) or the civil society organisations (CSOs) a more active role in the audit process.

Given the mutual interest in improving the overall institutional framework for the exercise of accountability (transparency policies, access to information legislation and social accountability mechanisms), and the strengthening of enforcing mechanisms against wrongdoers, participants believed that civil society could become an important ally if SAIs were discerning about the integrity and autonomy of the civil society organisations.

By accessing certain types of information that social organizations are better positioned to obtain, the participation of CSOs could improve the oversight capacities of SAIs and, moreover, the greater social knowledge and legitimacy of SAIs could translate to enhanced public support of their mission to contribute to good governance. This is critical, both in the struggles of people against corruption which does not necessarily leave a paper trail and in auditing of sustainable development initiatives where the knowledge of local residents and findings/views of experts who are often marginalised by powerful bureaucracies is needed.

The sustainable development goals that the development community is contemplating would gain a great deal from the advice of INTOSAI at the international level and the involvement of SAIs in their respective countries and regions, both at the stage of the elaboration of these goals and at the operational stage. Some of the benefits can be outlined as follows.



**At the 2012 United Nations Conference on Sustainable Development (Rio+20), Member States noted that:**

“the aid architecture has significantly changed ... New aid providers and novel partnership approaches, which utilize new modalities of cooperation, have contributed to increasing the flow of resources. Further, the interplay of development assistance with private investment, trade and new development actors provides new opportunities for aid to leverage private resource flows.” Member States stressed that “fighting corruption and illicit financial flows at both the national and international levels is a priority and that corruption is a serious barrier to effective resource mobilization and allocation and diverts resources away from activities that are vital for poverty eradication, the fight against hunger and sustainable development.” One estimate pegs illicit outflows at US\$859 billion in 2010, due to capital outflows from crime, corruption, tax evasion and illicit activity. It estimates that from 2001–2010, developing countries lost US\$5.86 trillion to illicit outflows.

Whether viewed as a cause or consequence of underdevelopment, corruption diverts scarce public resources for private gain, distorts the distribution of public goods and services, undermines the rule of law and destroys public trust in government which impedes financial investments and economic growth. Given the high and varied cost of fighting corruption, prevention through measures within and outside of the public sector is key to safeguarding resources. The UN Convention Against Corruption recognized the importance of prevention by dedicating a chapter to various administrative practices and social measures.

**SUSTAINABLE DEVELOPMENT »** Sustainable development builds on the current conceptualization of the three development pillars (i.e. economic, social and environmental—and sometimes variously proposed “fourth” pillars such as peace and security or culture) and integrating them. Experience shows that such integration is often characterized by cross-sectoral activities. Illustrative challenges have cropped up in implementing stimulus packages and post-disaster interventions.

Cross-sectoral integration also involves a multiplicity of stakeholders that complicates common goal-setting and accountability frameworks. Effective accountability mechanisms are needed for public-private partnerships and multiple stakeholder consortia as Governments increasingly move from subcontracting or coordination towards collaboration. Governments need to set the regulatory framework while private sector and other entities lead implementation. Deregulation and simplifications can make the implementation of activities more effective and efficient but also can have unintended consequences.

Large or new government spending sparks political interest. Such interest can distort the prioritization of programmes and projects, increasing inefficiency and inequity. Emphasizing transparency and accountability through result-tracking and reporting can decrease the risk of politicization. Decentralizing consultations and decision-making and involving more stakeholders from different levels and outside of government result in

higher transparency. Transparency in project selection is probably the most important factor in depoliticizing large government spending on infrastructure.

A distinguishing feature of activities required for sustainable development is that they do not fit neatly into administrative or even territorial boundaries. Rivers often flow from province to province and sometimes cross the territorial limits between countries. Climate change in a particular region requires concerted efforts by many countries. Member-States can be comprehensively informed by joint audits of activities for sustainable development or climate change which is rendered possible by the existing umbrella of INTOSAI and its regional chapters for SAIs.

Despite their expression of political will in Rio+20, governments—already constrained in public spending—have to build trust in order to persuade potential new funders that their contributions will indeed be economically, efficiently and effectively dedicated to sustainable development initiatives. They have to demonstrate that the implementing agents of these initiatives—public administrations and their array of traditional and new partners—are focusing on “democratic governance, improved transparency and accountability, and managing for results.” Who will give them expert and credible advice?

**ROLE OF DPADM »** Within the United Nations Department of Economic and Social Affairs, the Division for Public Administration and Development Management (DPADM) is mandated to implement the United Nations Programme on Public Administration and Finance. DPADM, with key partners such as the audit profession among others, supports the Member States to foster efficient, effective, transparent, accountable, clean and citizen-centred public governance, administration and services through innovation and technology to achieve the internationally agreed development goals, including the Millennium Development Goals (MDGs).

DPADM—through its predecessor units within the United Nations—has supported inter-governmental deliberations and advised various levels of governments in effective public institutions, responsive human capacity-building, administrative innovations, among others, for 65 years. To these activities, the Division has currently added e-government, citizen engagement and open government data for development management. All of these initiatives are indispensable not only to implementing sustainable development initiatives but also to safeguarding resources and preventing corruption in financing them. The Division can continue to play an important role in promoting good governance as an end and sound public administration as a means to implement the post-2015 development policies and programmes that will make up sustainable development initiatives and safeguard resources earmarked for them.

**ROLE OF INTOSAI »** SAIs have gained tremendous knowledge and experience at the country level by auditing public funds, programmes, projects and other development related initiatives. This community of practice is a valuable reservoir of technical advice on preventing waste, loss and corruption in public expenditures. With its motto “mutual experience benefits all,” INTOSAI plays a pivotal role in ensuring adherence

to standards by SAIs. It can be relied on to galvanise them for the challenges ahead. Possibilities for not just sharing mutual experiences but actively cooperating in efforts for improving standards of auditing have been opened up by the initiatives of INTO-SAI requiring SAIs to get peer reviews of their performance.

Ever since the World Summit in 2005 when the United Nations unfurled its global action plan to achieve the Millennium Development Goals (MDGs) by 2015, INTOSAI has built up capacities of SAIs to conduct performance audits which provide insights to stakeholders about the efficiency and effectiveness of government projects and programs with due regard for economy. While the traditional business of SAIs was somewhat restricted to financial and compliance audits for providing an assurance to stakeholders about government's financial management, the renewed emphasis by INTOSAI on performance auditing took SAIs beyond these confines to contribute to the public discourse on development issues.

Joining the public discourse on development in the course of *performance auditing* resulted in the SAIs encountering the interfaces and interstices of public administration, which were well known to citizens through their everyday experiences, but were not captured adequately by SAIs in their work of providing an assurance on government's financial statements and its compliance with laws. The initiatives and efforts of SAIs in their respective countries coincided with the coming of age of populations in several countries that demanded a rights-based approach to development programs.

From the accounts of the nascent practices of SAI-citizen engagement in many parts of the developing world cutting across Asia and Africa, it becomes clear that both the demand for and supply of assurances for greater transparency and accountability have played their part in improving delivery of services.

The involvement of INTOSAI at the earliest stages of formulation of the sustainable development agenda is required, so that the architecture of relations between citizens and SAIs and executive governments can be built on the basis of a deep appreciation of each others' concerns in such a challenging venture.

It will have to be recognised that SAIs, with their traditional interest in remaining watchful and reporting on the fiscal deficits that ultimately affect inter-generational equity, have an orientation to long term goals of their countries. While the orientation of SAIs to long term goals render them ideal to turn to the audit of sustainable development with a renewed vigour, issues related to valuation of natural or regenerative resources and modalities for regulation of their use are complex and need a closer examination than average auditors can deliver. SAIs will need to induct specialists into the audit teams to undertake the audits.

INTOSAI has been working on these issues to guide the SAIs in this greenfield area of audit. The *World Summit on Sustainable Development: An Audit Guide for Supreme Audit Institutions* is one of four guidance papers developed by the INTOSAI Working

Group on Environmental Auditing in the Work Plan period of 2005–2007. The other three papers published prior to that were:

- *Evolution and Trends in Environmental Auditing;*
- *Cooperation between Supreme Audit Institutions: Tips and Examples for Cooperative Audits;* and
- *Auditing Biodiversity: Guidance for Supreme Audit Institutions.*

The Working Group on the Value and Benefits of SAIs (WGVBS) was established during the XIX INCOSAI in Mexico City to develop a framework and measurement tools for defining the value and benefits of SAIs. At the XX INCOSAI in Johannesburg, the congress resolved that the working group should develop instruments and tools for communicating and promoting the value and benefits of SAIs to all stakeholders for consideration at the XXI INCOSAI in 2013. The WGVBS has completed much of its work and is now completing several projects, including developing a guideline.

The draft guidelines draw from INTOSAI's Communication Policy as well as from the external communication practices of INTOSAI members. They focus on key principles regarding (1) the use of instruments and tools for external communication and (2) approaches to fostering constructive interactions with citizens. These guidelines also recognize the importance of communicating with the civil society to raise public awareness of the significance of transparency in government to people's daily lives.

The Mexico Declaration generally discussed the rights and obligations of SAIs to report on their work and specifically indicated SAIs' discretionary power to decide on the timing of publication and dissemination of their audit reports within the context of their laws. INTOSAI's 2010 Johannesburg Accord prescribed a "Framework for Communicating and Promoting the Value and Benefits of Supreme Audit Institutions." This framework, which is being incorporated into ISSAI-Level 2, is constructed around two objectives for individual SAIs: an external focus to make a difference in the lives of citizens, and an internal focus to lead by example by being a model institution. Each objective is explained with reference to a number of fundamental requirements, which in turn are supported by a number of guiding principles.

Adoption of the guidelines by INCOSAI in its forthcoming session and more importantly, robust support of the international development community including the United Nations would go a long way to establish a means of channelizing citizen participation into accountability outcomes in public interest.

The development of SAI's at the national level is a successful model of independent oversight. A discussion of the five control components: control environment, risk assessment, control activities, information and communication, and monitoring among other factors should contribute to safeguarding resources earmarked for sustainable development initiatives, post-2015.

The 22nd UN/INTOSAI Symposium was held at Vienna in March 2013 on *Audit and Advisory Activities by SAIs: Risks and Opportunities as well as Possibilities for Engaging Citizens*. At its conclusion, the participants recommended “Support(ing) the UN General Assembly Resolutions’ encouragement of Member States and relevant United Nations institutions to continue and intensify their cooperation, including capacity building, with INTOSAI in order to promote good governance by ensuring efficiency, accountability, effectiveness and transparency through strengthened supreme audit institutions.” They also “suggest(ed) that the INTOSAI Working Group on Financial Modernization and Regulatory Reform of Financial Markets and Institutions should monitor measures to mitigate the risks of waste and loss of public funds in order to give technical advice to the international community.”

SAIs present at this 22nd Symposium resolved that it is indispensable for SAIs to engage in advisory activities, based on audit work, to enhance the effectiveness of their audits, to make the value and benefits of SAI work more visible, and to promote social and economic development, thus contributing to the achievement of the United Nations Millennium Development Goals and the setting of the Post-2015 Development Agenda.

They emphasized that, in order to maintain objectivity and to ensure credibility, SAIs in general—i.e. except for cases explicitly provided for by the law—do not audit the policies adopted by legislature, but limit themselves to assessing how those policies were implemented and the impact thereof, and issue recommendations on that basis.

**RECEIVED AND NEW KNOWLEDGE »** Looking ahead at the post-2015 sustainable development goals and the importance of drawing the focus of SAIs towards auditing in this complex field of global concern, two things are quite clear: the knowledge to inform policies and programs of governments as well as the international community flow along two distinct channels: (i) elite powerful portals of power, and (ii) the struggles of people contending with systems and governance at local levels that NGOs/CSOs table from time to time in deliberations/negotiations with governments and international development forums. SAIs will need to carefully listen to both these streams of knowledge (one from ‘received disciplines’ and the other described as ‘insurrections of knowledge’) and engage in performance auditing to gain insights and offer constructive knowledge-power to citizens and policy makers.

**JOINT AUDITS »** The fact that environmental concerns do not fit into neat sovereign boundaries poses its own challenges and while local knowledge has to be given due regard, international thought and responses to environmental degradation is necessary. Several countries in Western Europe have started cooperating in auditing issues in sustainable development. There are three types of cooperative auditing—joint audit, coordinated audit and concurrent (or parallel) audit. Joint audits naturally require joint audit teams. Coordinated audit requires a national audit team per SAI with a mutually agreed cooperation structure. Concurrent audit has only national teams. The audit approach—the scope, questions and methods—are identical for all participating SAIs in joint audits, but have to be harmonized to some degree in coordinated audits.. In concurrent audits, the approaches are chosen independently by each SAI. Reporting can vary depending on

whether only national reports are preferred or joint reports are welcomed by the countries concerned. In practice, the three types of cooperative audits are not strictly separate.

For example, the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Convention) was the subject of an audit prepared and conducted from March 1998 to June 2000. The Supreme Audit Institutions (SAIs) of Denmark, Iceland, and Norway organized a total of five meetings during the audit. The purpose of the first and second meetings was to plan the national audits; the third meeting was held to discuss each country's main analysis and establish an agreement on co-operation. The fourth meeting focussed on methods and preliminary findings, and the final meeting discussed observations and conclusions from the national audits. During the audit, the SAIs exchanged information mostly by email, including questionnaires, audit plans, preliminary reports, and general information.

This natural development among SAIs in Europe provides us with an incipient form of global cooperation in the involvement of citizens with SAIs in the fight against corruption and promoting sustainable development. A common feature of such cooperative audits is that they all begin with the need for SAIs to communicate with each other through all audit phases (planning, executing and reporting) and is regarded as the most important by practitioners.

**SAI-CITIZEN COOPERATION »** Transposing this to the problematic of SAI-citizen engagement in the audit of corruption (e.g. in drug trafficking) and sustainable development, it may be ventured that getting a general consensus on the mutual desire to cooperate and the topics to be audited could be hammered out by citizens' groups and SAIs of countries in a region that agree to work together. SAI India has set up an International Institute for the Audit of Sustainable Development which aims at building audit capacities and to getting NGOs and CSOs of interested countries on board along with the government departments concerned for different streams of knowledge to inform and improve the practices of audit by promoting mutual sharing of experiences.

It would be necessary, for such a beginning to actually fructify into probes, findings and conclusions and above all, action by governments, to get and keep commitment at the highest level within the SAI (auditor general or president and board of auditors). It would also be important for the various country teams to take time to get acquainted with each other and discuss how to deal with differences—for example in mandate, legislation and rules, procedures, and work habits.

Naturally, a SAI in each country would need to work closely with its own executive wing of government to forge a common approach in partnering audits with teams from other countries. Since this is a tricky area, where executive wings are likely to play a role of over-zealously guarding what they regard, often narrowly, as 'national interests', initiatives by the United Nations will be required to foster an outgoing spirit among Member States to meet regional challenges.



**UNITED NATIONS AND INTOSAI »** The United Nations has been cooperating with INTOSAI for over 40 years to develop international professional standards and build capacity of SAIs in developing countries. The United Nations and INTOSAI recognize the increasing significance of auditing, not only individual transactions but all operations of government, including its organization and management systems.

The General Assembly, in its resolution 66/209 on *Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions*, recognized that SAIs play a key role which is conducive to the implementation of national development goals and priorities, internationally agreed development goals, in particular the Millennium Development Goals (MDGs). Overall, the audit-based knowledge and experience of SAIs can provide valuable advice for future initiatives, including the Post-2015 Development Agenda.

At a High-Level Panel discussion on *Safeguarding Resources for Financing for Sustainable Development* organized by DPADM in New York on 28 May 2013, Secretary General of INTOSAI, Dr. Josef Moser spoke on *The Role of INTOSAI and SAIs*. After noting the spirited and good work done by SAIs in the past vis-à-vis national governments as well as the weaknesses in aid-assisted programs and projects, the Secretary General stated that it would be advisable—in implementing the United Nations General Assembly Resolution A/66/209—to involve INTOSAI in the elaboration of the Post-2015 Development Agenda, attach special importance to SAIs in the implementation process of the Post-2015 Development Agenda and, strengthen capacities of SAIs, also in the framework of the Post-2015 Development Agenda, by implementing the UN General Assembly Resolution and the Declarations of Lima and Mexico.

He also highlighted the important areas for the role of INTOSAI in developing the Post-2015 Agenda for Sustainable Development. These are: improving information on financial sustainability (sources of fiscal risk, fiscal transparency standards and practices); complete coverage of public sector institutions—public corporations need to be part of any comprehensive analysis of public finances since their debts are often implicitly or explicitly government guaranteed; comprehensive reporting of assets and liabilities in the financial statements; recognition of a broader range of transactions and other economic flows.

Given that the Heads of State and Government have agreed to establish an Expert Committee on a Sustainable Development Financing Strategy as part of the Agenda Process, it would be very useful for INTOSAI to consider providing inputs on the financing strategy and its operations, without infringement on its independence, to this expert committee. The Expert Committee is tasked with preparing a report, proposing options on an effective sustainable development financing strategy to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives. The Expert Committee is expected to conclude its work by 2014 (A/67/437/Add.1).



**AN ETHICAL CANOPY »** Promoting professional ethics will need to be an important and integral part of the efforts of INTOSAI for the community of SAIs to be effective in delivering on the promise of marrying its goals of insisting on an independent scrutiny with the requirements of making constructive recommendations to parliaments and governments. Maintaining objectivity and impartiality as core values of administrators and auditors is not as problematic as it is sometimes projected to be, and certainly not in the domain of sustainable development, which is obviously desirable in itself. Breathing better in a less polluted environment or preventing possible natural disasters, not for the sake of some other good, but for self-preservation and the preservation of the lives of others, are desirable ends in themselves. Both their self-interest and interests of society are better served by strict adherence by professionals to ethical standards.

The fact that inter-generational equity too is predicated on sustainable development renders the latter worth pursuing even more. The problems related to securing sustainable development require striving for excellence in different domains of knowledge and action—a necessary ingredient of our well-being.

It is heartening to note that strong commitment to serving the public interest, integrity, ethical values and the rule of law features as among the key principles based on which a framework for good governance in the public sector has been suggested by a consultation draft for an international framework prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) in July 2013.

Apart from professional ethics, what would be critical for the success of this framework is the recognition of the plurality of ‘publics’ when we talk about ‘public interest’ in any situation where issues in sustainable development or climate change are involved. Since there is no singular crystallized public interest that governments can serve, the quality of legislation based on insights from SAIs working closely with citizens would matter a great deal in defining the desired outcomes. Further, the independent audit of actual implementation of any law or program by SAIs taking the concerns of citizens into account would contribute to building the trust in governments which is central to national and international development.

Developing the capacities of SAIs to undertake performance audits of sustainable development that provide insights to citizens, conduct performance audits jointly in regional contexts, and to engage with citizens’ groups to combat corruption, appears to be an imperative within this framework.

# Chapter 8

## Actions for Better Communications



*UN Photo/L. Gubb*

**E**lectoral democracies require political actors to communicate with citizens in order to legitimize their status of representatives. The power of the media is used accordingly to make promises and secure votes. Once governments are formed, they often consider communication as a strategic matter of public relations or propaganda to maintain their legitimacy to rule. Propaganda seeks to influence the attitude of the community toward some cause or position by presenting only one side of an argument. Its multimedia—and pervasive—presence in the political environment weakens the community's judgement, making it unable to identify the veracity of the information presented.

The world has witnessed, from time to time, this aspect of propaganda or the manipulation of communication, perhaps exhibited in its worst form in Nazi Germany. Since the end of World War II and the adoption of the Universal Declaration of Human Rights in 1948, even as the technological means of communication have improved by leaps and bounds, people in various countries have sought ways of making communication modalities interactive, so that both sides of a validity claim are available for people to judge the evidence. The structures, networks and practices developed to secure accountability and answerability of political actors and governments aim at questioning the validity claims made by them for public policies and programs. It is necessary to examine the validity claims from all sides, not only with reference to budget and implementation issues but more generally in every sphere of governance.

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*“SAIs are duty-bound to arrive at their independent judgement with a certain sense of evidence and citizens can help in this process”*

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The machinery of government, or bureaucracies, that actually wields power at various sites of the State is closely watched not only by rivals to the parties in power but also by the institutions like SAIs that scrutinize the validity claims of executive wings of government and report to the people, in and out of parliaments or national/provincial assembly. While rivals are not always impartial and objective in their criticism of governments, SAIs are duty-bound to arrive at their independent judgment with a certain sense of evidence.

Corruption in governments occurs in very many collusive and non-collusive ways. This requires not just public vigilance but also the courage to speak truth to power. It also requires the resolve to be assertive and counter the propagandist machinery, when and where it shows itself, that immediately seeks to control the damage to the trust people have in the government concerned. Similarly, sustainable development, with its long term inter-generational perspectives, can suffer from the propensity of elected governments to look at its immediate gains rather than distant goals. A great deal of propaganda is involved in the efforts of both markets and governments to beguile people into complacency with their present ‘prosperity’ without disclosing how much of the prosperity in the future they have discounted for their immediate well-being.

The public demands for transparency of governments and holding them accountable require institutions like the SAIs to engage in communicative action which is distinctly *not* propagandist. To be able to contend with such a challenge, of remaining within the *system* that has constituted them as an independent organ of the State and yet be able to engage in communicative action so as to effectively discharge their responsibilities to the citizens and deepen democracy, SAIs have to strive to involve themselves in the course of their work with the *life-worlds* of citizens.

The demands of communicative action are relaxed within legally specified limits in a “system” which is in fact a mode of coordination. Markets and bureaucracies are prime examples of systemic coordination. In a systemic coordination, non-linguistic media take up the slack in coordinating actions, which proceeds on the basis of money and institutional power—these media do the talking, as it were, thus relieving actors of the demands of strongly communicative action. The term “life-world,” by contrast, refers to domains of action in which consensual modes of action coordination predominate. The

distinction between life-world and system is better understood as an analytic one that identifies different aspects of social interaction and cooperation.

SAIs must relate to the struggles of citizens in their own face-to-face life-worlds, which are often tabled by civil society institutions by means of social movements or in negotiations with governments, both locally and nationally. Community radios, phone-in programmes on TV and more recently, the convergence of telecom-TV-computers with the highly interactive Internet, often described as the 'network of networks', provide technological support to engage in such communicative action. For such communicative action by SAIs to be distinct from mere propaganda, the guiding principles for SAIs should be:

- (i) to relate to citizen concerns which have a larger reform scope;
- (ii) where the concerns are characterised by an open, external deliberation process as against the reliance on internal deliberations by activist groups; and
- (iii) the results of which are taken to people by social activists with a focus on transforming mechanisms of power rather than trying to gain power vis-à-vis the State<sup>1</sup>.

**There are many ways for SAIs to do this:**

- (i) They can participate in public hearings where government officials are required to explain what they are doing in public to those people who are affected by their work;
- (ii) They can help in the planning of social audits where people beneficiary of and affected by public projects or programs are entitled to audit the work of government officials, and to get responses to their queries;
- (iii) They can audit with reference to a Citizens' Charter that requires a government department or government program to agree with the people in that area who are affected by it as to what the rights of the citizens to the services of this program are, and these are publicly displayed and enforced;
- (iv) They can participate in the designing of citizens report cards where citizens collectively write reports on the services they have received from government departments, send the scores they have given to the government departments and demand an improvement in the services which scored low;

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1 - Archon Fung and Eric Olin Wright, *Deepening Democracy: Institutional Innovations in Empowered Participatory Governance*, Utopias publication, 2003

- (v) Similarly, they can look at community score cards where government service providers score their performance in the delivery of services—community members who receive these services score the performance of the service providers, and they exchange this information, seeking to find ways in which both sides see what needs to be improved;
- (vi) They can look at participatory budgeting by citizens who demand the right to discuss the budget with the government before it is agreed, so that there is space for citizens concerns to be heard; similarly for public expenditure tracking in which citizens track what has been spent by the government in a particular place or program, and check whether this is in agreement with the original budget; and
- (vii) SAIs can join procurement monitoring by citizens to look at the process by which funds were spent through procurement of services (often from contractors) to check whether the results are in line with the original procurement specifications.

A major area for SAIs to work with civil society organisations is in the scoping phase of performance audit planning and in the data collection phase of execution of these audits. Performance auditing standards (ISSAIs 3000–3100) require that performance audit's role be distinguished from the role of audit of financial statements and compliance with laws. The latter form part of an assurance on accounts. Performance audits are not meant to be part of the assurance, but nevertheless, critical reports that add value to the public discourse by providing insights to stakeholders on programs/projects/activities being implemented by governments.

At the planning stage, therefore, citizens' concerns need a close study and an issue-oriented rather than a strait-jacketed entity-oriented audit objective and scope. In this process, wide-ranging discussions with experts and common people alike by means of scanning media articles, books by renowned experts, workshops and survey questionnaires can yield rich dividends to narrow down the scope of the performance audit. Next, SAIs can brief locally active civil society organisations about the audit questions framed by them and seek their help in generating interest of focus groups in sharing their experiences and memories with the auditors when they are engaged in collecting data during the execution stage of the performance audit.

Since performance audits are meant to contribute to a more in-depth understanding of stakeholders interested in an issue, say, program delivery, the media tends to regard these with greater interest. It is important for SAIs not to seek publicity in this context, beyond informing and making its reports available to people. Rather, SAIs should expect journalists to take cues from performance audits to probe further relying on their own journalistic skills and produce investigative stories. To develop a professional rather than a political relationship with journalists, SAIs should help develop the capacities of journalists to understand the issues raised in such audits and reporting pointedly on them.



Public sector auditors are not required to provide reasonable assurance against fraud. Nevertheless, they have certain responsibilities relating to fraud in an audit of financial statements. Even where there is no mandate or no additional objectives, there may be general public expectations for public sector auditors to report any non-compliance with authorities detected during the audit or to report on effectiveness of internal control. These additional responsibilities and the related fraud risks have to be considered by the public sector auditor when planning and performing the audit.

Normally, when fraud occurs, three conditions are present: there is an incentive or pressure on management or employees giving them a reason to commit fraud; public sector employees may be under pressure to deliver high-quality services with few resources (e.g. incentives to spend the available budget by the end of the financial year); and opportunity of fraud may be created by deficiencies in quality of internal control. In the public sector, in addition to revenue accounts, there may be other areas of significance for the purposes of performing analytical procedures depending on the nature of the operations of the entity. In many public sector entities, areas such as procurement and grants may be more relevant than revenue accounts for such purposes. When performing analytical procedures, public sector auditors consider the unique challenges of using the cash basis of accounting and the related possibilities for manipulation of financial information. Moreover, the widespread use of high volume, low value cash transactions in certain public sector entities such as police departments or health clinics may add to those risks. Although monetary values may be small, such situations may lead to violation of public trust, expectations and accountability.

Using web-based systems like Fraudnet of the GAO can help SAIs to discharge their responsibilities to report on likelihood of fraud. An institutionalised system whereby citizens can send complaints that are investigated for corroborative evidence in accounts or management records is a similar device. The areas where a link-up with CSOs or other vigilance mechanisms may be of particular help are: provisions in union contracts, real-estate purchases or sales, land swaps, public-private partnership contracts, privatization of governmental services, and government guarantees or assurances to rescue private sector entities if they have financial difficulties. Wherever a sustained campaign in the media against any deal between government and private parties is noticed by SAIs, they should undertake a comprehensive review of the issues raised with a view to examine cause and effect relationships leading to matters being agitated.

In the audit of sustainable development, the reliance of SAIs on civil society groups as well as subject-matter specialists has to be much greater than in all other kinds of audit. As explained earlier, since the knowledge and information residing with government on issues related to sustainable development are more global rather than local and governments pressured by powerful private lobbies tend to opt for immediate dividends rather than inter-generational concerns, SAIs need to make extra efforts to take into account the weaker, but often wiser, local views. A great deal of capacity development efforts of both United Nations agencies and INTOSAI will need to be channeled to meet the requirements of this genre of audit. Moreover, issues in sustainable development do not brook national boundaries or fall neatly within one administrative unit. Efforts by both

United Nations and INTOSAI will need to be made to support both CSOs and SAI in one country to work with their counterparts in another. Undertaking joint audits or individual audits for each country with a shared framework of concerns will need spaces and regional institutions to be created for hammering out such issue-based common concerns. INTOSAI has so far succeeded in initiating and demonstrating that SAIs in many countries of the world have the ability to deliver commendably on this new genre of audit. It stands at the crossroads today for its efforts to be supported as a global mission of all Member-States of the United Nations.



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*“The United Nations and external government auditors share a commitment to advancing both good governance and the international development agenda. We are natural partners, and I welcome our long-standing cooperation with the International Organization of Supreme Audit Institutions (INTOSAI), in particular in organizing a number of valuable seminars.”*

**Ban Ki-Moon, United Nations Secretary-General, on the occasion of the 250<sup>th</sup> anniversary of the Austrian Court of Audit, 2011**